

**MAHINDRA RURAL HOUSING
FINANCE LIMITED**

**ANNUAL RepoRt
2016-17**

Corporate Information

<p>Directors Mr. Ramesh Iyer – Chairman Mr. K. Chandrasekar Mr. Nityanath Ghanekar Mrs. Anjali Raina Dr. Narendra Mairpady Mr. K. Chakravarthy – (NHB Nominee) Mr. V. Ravi Mr. Anuj Mehra – Managing Director</p> <p>Chief Financial Officer Mr. Dharmesh Vakharia</p> <p>Company Secretary Mr. Navin Joshi</p> <p>Registered Office Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018. Tel.: +91 22 6652 3500 Fax: +91 22 2497 2741 E-mail: customercare.mrhfl@mahfin.com Website: www.mahindrahomefinance.com CIN : U65922MH2007PLC169791</p>	<p>Committees of the Board</p> <p>1. Audit Committee</p> <p>Mr. Nityanath Ghanekar (Chairman) Dr. Narendra Mairpady Mrs. Anjali Raina Mr. V. Ravi</p> <p>2. Nomination and Remuneration Committee</p> <p>Mr. Ramesh Iyer Mr. K. Chandrasekar Mr. Nityanath Ghanekar Mrs. Anjali Raina</p> <p>3. Asset Liability Committee</p> <p>Mr. Ramesh Iyer (Chairman) Mr. K. Chandrasekar Mr. V. Ravi</p> <p>4. Corporate Social Responsibility Committee</p> <p>Mr. Ramesh Iyer (Chairman) Mr. K. Chandrasekar Mrs. Anjali Raina Mr. V. Ravi Mr. Anuj Mehra</p> <p>5. Risk Management Committee</p> <p>Mr. Nityanath Ghanekar (Chairman) Dr. Narendra Mairpady Mrs. Anjali Raina Mr. V. Ravi</p>	<p>Auditors B.K. Khare & Co. Chartered Accountants, 706/708, Sharda Chambers, New Marine Lines, Mumbai – 400 020</p> <p>Debenture Trustee Axis Trustee Services Limited Axis House, 2nd Floor, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai – 400 025 Telephone : (022) 2425 5215/16 Fax : (022) 2425 4200 E-mail : debenturetrustee@axistrustee.com</p> <p>Registrar and Share Transfer Agents Karvy Computershare Private Limited Unit : Mahindra Rural Housing Finance Limited Karvy Selenium Tower B, Plot No 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally Hyderabad – 500 032 Email : einward.ris@karvy.com Tel. No.: 040 67162222 Toll Free No.: 1800-345-4001 Fax No. : 040 23001153.</p>
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MAHINDRA RURAL HOUSING FINANCE LIMITED

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

Corporate Identity Number : U65922MH2007PLC169791

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

Website: www.mahindrahomefinance.com

E-mail: customercare.mrhfl@mahfin.com

NOTICE

The **TENTH ANNUAL GENERAL MEETING OF MAHINDRA RURAL HOUSING FINANCE LIMITED** will be held at Mahindra Towers, 4th Floor, Worli, Mumbai – 400 018, on Monday, the 17th day of July, 2017, at 5.30 p.m. to transact the following Business:

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2017 including the audited Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss for the year ended on that date and the Cash Flow Statement for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
- 2) To declare a dividend on equity shares.
- 3) To appoint a Director in place of Mr. Ramesh Iyer (DIN:00220759), who retires by rotation and, being eligible, offers himself for re-appointment.

- 4) To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force), Messrs. B S R & Co. LLP, Chartered Accountants, (ICAI Firm Registration Number 101248W/W-100022) be appointed as the Statutory Auditors of the Company in place of the retiring Auditors of the Company, Messrs. B. K. Khare & Co. Chartered Accountants, (ICAI Firm Registration Number 105102W), to hold office for a term of 5 (five) years, from the conclusion of this Annual General Meeting until the conclusion of the Annual General Meeting of the Company to be held in the year 2022 (subject to ratification of their appointment by the Members at every Annual General Meeting, as may be applicable), at a remuneration to be determined by the Board of Directors of the Company, in addition to out of pocket expenses as may be incurred by the Statutory Auditors during the course of the Audit.

FURTHER RESOLVED that approval of the Company be and is hereby 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.”

SPECIAL BUSINESS:

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

“RESOLVED that in supersession of the Special Resolution passed by the Shareholders at the ninth adjourned Annual General Meeting held on 12th August, 2016 and pursuant to the provisions of Sections 180(1)(a), 180(1)(c) and all other applicable provisions of the Companies Act, 2013 read with such Rules as may be applicable and the Memorandum and Articles of Association of the Company, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee thereof which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this Resolution) to borrow moneys from time to time and, if they think fit, for creation of such mortgage, charge and/or hypothecation as may be necessary, on such of

the assets of the Company, both present and future, in such manner as the Board may direct, in favour of financial institutions, investment institutions and their subsidiaries, banks, mutual funds, trusts, other bodies corporate (hereinafter referred to as the "Lending Agencies") and Trustees for the holders of debentures/ bonds and/or other instruments which may be issued on private placement basis or otherwise, to secure rupee term loans/foreign currency loans, debentures, bonds and other instruments, even though the moneys to be borrowed together with the moneys already borrowed by the Company may exceed at anytime, the aggregate of the paid-up share capital of the Company and its free reserves, of an outstanding aggregate value not exceeding Rs. 12,000 crores (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business), together with interest thereon at the agreed rates, further interest, liquidated damages, premium on pre-payment or on redemption, costs, charges, expenses and all other moneys payable by the Company to the Trustees under the Trust Deed and to the Lending Agencies under their respective Agreements/Loan Agreements/ Debenture Trust Deeds entered/to be entered into by the Company in respect of the said borrowings.

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

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

"RESOLVED that pursuant to the provisions of sections 42, 71 and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Companies (Share Capital and Debentures) Rules, 2014 [hereinafter collectively referred to as "the Rules"] and pursuant to the provisions of the Housing Finance Companies Issuance of Non-Convertible Debentures on Private Placement Basis (NHB) Directions,

2014, as may be amended from time to time, and subject to such other Regulations/Guidelines and in terms of the Articles of Association of the Company, approval of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this Resolution) for making offer(s) or invitation(s) to subscribe to Non-Convertible Debentures including but not limited to Subordinated Debentures, in one or more tranches, aggregating to Rs. 6,000 crores on a private placement basis, during the period of one year from the date of passing of the Special Resolution by the Members, within the overall borrowing limits of the Company, as may be approved by the Members from time to time.

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

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

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

"RESOLVED that pursuant to the provisions of sections 197, 198 and all other applicable provisions of the Companies Act, 2013 and Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the provisions of Article 151 of the Articles of Association of the Company, the Company be and is hereby authorised to pay to the Independent Directors of the Company for the Financial Year ended 31st March, 2017, remuneration

by way of commission, a specified amount or at a specified percentage of the net profits of the Company, up to one per cent of the net profits of the Company as computed in the manner provided in section 198 of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof; such commission to be distributed amongst and paid to the aforesaid Directors in such proportions as may be decided by the Board of Directors.

FURTHER RESOLVED that the above remuneration shall be in addition to fee payable to the Director(s) for attending the meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board of Directors and reimbursement of expenses for participation in the Board and other meetings.

FURTHER RESOLVED that the Board of Directors (including the Nomination and Remuneration Committee) be and is hereby authorised to do all such acts, deeds, matters and things in this connection as may be considered necessary, proper, desirable and expedient including seeking all approvals as may be required to give effect to this Resolution and to settle any question, difficulty or doubt that may arise in this regard.”

NOTES:

- (1) The Explanatory Statement pursuant to section 102 of the Companies Act, 2013, setting out the material facts relating to the business stated under Item Nos. 5 to 7 is annexed hereto. Additional information pursuant to Clause 1.2.5 of the Secretarial Standard on General Meetings (SS-2) issued by the Council of the Institute of Company Secretaries of India, in respect of Directors seeking appointment/re-appointment at the Annual General Meeting, is furnished as a part of this Notice.
- (2) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.**
- (3) A person can act as a Proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten per cent of the total share capital of the Company carrying voting rights. A Member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as Proxy and such person shall not act as a Proxy for any other person or shareholder.

- (4) The instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the Meeting.
- (5) A route map giving directions to reach the venue of the 10th Annual General Meeting is given at the end of the Notice.

By Order of the Board

Sd/-

Navin Joshi
Company Secretary

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

17th April, 2017

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

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

Name of the Director	: Mr. Ramesh Iyer
Category	: Chairman, Non-Executive Non-Independent Director
Director Identification No.	: 00220759
Age	: 58 years
Qualifications	: Bachelor's Degree in Commerce and a Master's Degree in Business Administration.
Brief resume, Qualification(s), Experience and Nature of expertise in specific functional areas, Recognition or awards	: Mr. Ramesh Iyer is the Managing Director and Vice Chairman of Mahindra & Mahindra Financial Services Limited, the Holding Company. He comes with a wealth of experience in matters relating to business development, finance and marketing. Mr. Iyer is also the President – Financial Services Sector and a Member of the Group Executive Board of Mahindra & Mahindra Limited, the holding company. Mr. Iyer is a Member of the Banking & Finance Committee of the Bombay Chamber of Commerce and Industry, the Core Committee of Finance Industry Development Council (FIDC) and the Task Force of NBFCs of Federation of Indian Chambers of Commerce and Industry (FICCI). He is also the Co-Chairman of the Group on Finance & Leasing and Insurance of the Council of Economic Affairs, set up by Society of Indian Automobile Manufacturers (SIAM). Besides this, he is the Chairman of WR HR Council Sub-Committee of CII since 2016 and a member of leadership team of IMD Alumni Club India.

Mr. Iyer is a recipient of various prestigious awards, the most recent ones being, 'Best CEO – Financial Services Sector Mid Cap' award by Business Today, two awards in the category 'CEO of the Year' and 'Most Admired Rural Entrepreneur of the Year Award' at The Rural Marketing Forum and Awards, conducted by CMO Asia and also an award in the category 'CEO – FINANCIAL SERVICES' at the CEO AWARDS 2015 organised by CEO India magazine. Mr. Ramesh Iyer has also won the "Business Leadership Award" by Indian Achievers Forum in 2015.

Mr. Iyer was also one of the finalists in the CNBC 15th Asia Business Leaders Awards 2016 held in Jakarta, Indonesia and has been recently featured in Business Today magazine in the top 40 BFSI CEOs of India.

Mr. Ramesh Iyer is on the Board of various Mahindra Group Companies.

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

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

Date of first appointment on the Board : 9th April, 2007 (Since Incorporation).

Shareholding in the Company : Two shares jointly with Mahindra & Mahindra Financial Services Limited (Holding Company).

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

Number of meetings of the Board attended during the Financial Year 2016-17 : 5 (out of 5 Meetings held).

Other Directorships (Excluding Mahindra Rural Housing Finance Limited)

Sr. No.	Name of the Company
1	Mahindra & Mahindra Financial Services Limited
2	Mahindra Insurance Brokers Limited
3	Mahindra First Choice Services Limited
4	Mahindra First Choice Wheels Limited
5	N B S International Limited
6	Mahindra Finance USA, LLC
7	Finance Industry Development Council (Sec.8 Company)

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

Sr. No.	Name of the Company	Name of the Committee	Position held (Chairman / Member)
1	Mahindra & Mahindra Financial Services Limited	Stakeholders Relationship Committee	Member
		Asset Liability Committee	Member

		Corporate Social Responsibility Committee	Member
2	Mahindra Insurance Brokers Limited	Corporate Social Responsibility Committee	Member
		Nomination & Remuneration Committee	Member
3	Mahindra First Choice Wheels Limited	Audit Committee	Member
4	Mahindra First Choice Services Limited	Audit Committee	Member
5	NBS International Limited	Nomination & Remuneration Committee	Member

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

ITEM NO.5

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

At the ninth adjourned Annual General Meeting of the Company held on 12th August, 2016, the Members by a Special Resolution passed in accordance with section 180(1)(a) and (1)(c) of the Companies Act, 2013 had inter alia, empowered the Board of Directors of the Company to borrow moneys upto Rs. 8,000 crores even though such borrowing would be in excess of the paid-up capital and free reserves of the Company.

The moneys so borrowed by the Company and outstanding as at 31st March, 2017 amounted to Rs. 3811.56 crores. During the financial year 2016-17, the Company has disbursed Rs. 2116.21 crores and it has plans to disburse over Rs. 3700 crores during the current year.

In order to further expand Company's business and to meet its increased financial needs for the budgeted disbursements, it is proposed to enhance the borrowing limits of the Company to Rs. 12,000 crores.

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

Accordingly, the consent of the Members is sought for the enhancement of the borrowing limits and to secure such borrowings by mortgage/charge on any of the movable and/or immovable properties and /or the whole or any part of the undertaking(s) of the Company as set out in the Resolution at Item No. 5 of the Notice.

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

None of the Directors of the Company, Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested, financially or otherwise, in the Special Resolution as set out at Item No. 5 of the Notice.

ITEM NO.6

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

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

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

The Board of Directors at its Meeting held on 17th April, 2017 has approved the issuance of Non-Convertible Debentures including Subordinated Debentures upto a limit not exceeding Rs. 6,000 crores in the aggregate, subject to the prior approval of the Members to be obtained at the ensuing Annual General Meeting.

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

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

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in Resolution set out at Item No. 6 of the Notice.

ITEM NO.7

The Company is moving towards new horizons, which would necessitate seeking the services of various professionals and Independent Directors having Global exposure. The knowledge and experience that these Directors bring with them would be of immense benefit and value. The current competitive business environment, stringent accounting standards, various regulatory compliances and corporate governance norms require considerably enhanced levels of involvement of the Directors in the decision making process. The role and responsibility of the Directors have become onerous and the Directors are required to increasingly devote more time and contribute to the business of the Company keeping in mind the interest of all the stakeholders at large.

The Policy on Remuneration of Directors inter alia, provides for remuneration to Non-Executive Directors by way of monthly payment or at a specified percentage of Net Profits of the Company or partly by one way and partly by the other, to the extent approved by the Members.

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

The Board of Directors, upon the recommendation of the Nomination and Remuneration Committee and subject to the approval of the shareholders, has approved the payment of commission to Independent Directors not exceeding one per cent of the net profits of the Company for that year computed in the manner referred to section 198 of the Companies Act, 2013, for a period of five years commencing from the financial year ended on 31st March, 2015.

In view of the above, the approval of the Members is sought for the payment of commission to all the Independent Directors of the Company pursuant to sections 197, 198 and other applicable provisions of the Companies Act, 2013, if any, for the financial year ended 31st March, 2017. The payment of commission would be in addition to the sitting fees payable for attending Meetings of the Board and Committees thereof.

The Board of Directors will determine each year, the specific amount to be paid as commission to the Independent Directors which shall not exceed one percent of the net profits of the Company for that year, as computed in the manner referred to in section 198 of the Companies Act, 2013.

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

Mr. Nityanath Ghanekar, Mrs. Anjali Raina and Dr. Narendra Mairpady, Independent Directors of the Company and their relatives may be deemed to be concerned or interested in the Special Resolution as set out at Item No. 7 of the Notice to the extent of commission that may be payable to them from time to time.

None of the other Directors, Key Managerial Personnel (“KMP”) of the Company and relatives of the Directors and KMP are, in any way, concerned or interested, financially or otherwise, in this Special Resolution.

By Order of the Board

Sd/-

Navin Joshi
Company Secretary

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

17th April, 2017

- **ROUTE MAP** -

10th Annual General Meeting of Mahindra Rural Housing Finance Limited to be held at the Registered Office of the Company at Mahindra Towers, 4th Floor, P. K. Kurne Chowk, Worli, Mumbai – 400 018, on Monday, the 17th day of July, 2017, at 5.30 p.m.

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





MAHINDRA RURAL HOUSING FINANCE LIMITED

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

Corporate Identity Number : U65922MH2007PLC169791

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

Website: www.mahindrahomefinance.com

E-mail: customercare.mrhfl@mahfin.com

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name(s) of the Member(s) :

Registered Address :

E-mail ID :

Folio No. / Client ID :

DP ID :

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

1 Name :

Address :

E-mail ID :

Signature :

or failing him/her;

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

or failing him/her;

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

as my/our Proxy to attend and vote (on a Poll) for me/us and on my/our behalf at the **Tenth Annual General Meeting of Mahindra Rural Housing Finance Limited** to be held on Monday, 17th July, 2017 at 5.30 p.m. at Mahindra Towers, 4th Floor, Worli, Mumbai – 400 018 and at any adjournment thereof in respect of such resolutions as are indicated below :

**Resolution
No.**

Description

Ordinary Business

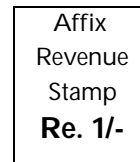
1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2017 including the audited Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss for the year ended on that date and the Cash Flow Statement for the year ended on that date, together with the Reports of the Board of Directors and Auditors thereon.
2. Declaration of dividend on Equity Shares.
3. Re-appointment of Mr. Ramesh Iyer (DIN: 00220759), as a Director, who retires by rotation and, being eligible, offers himself for re-appointment.
4. Appointment of B S R & Co., LLP, (ICAI Firm Registration No. 101248W/W-100022), as Statutory Auditors of the Company and approve their remuneration.

Special Business

5. Borrow moneys in excess of the paid-up capital and reserves up to Rs. 12,000 crores and creation of charge on the assets of the Company.

6. Issuance of Non-Convertible Debentures (NCDs) including Subordinated Debentures, on a private placement basis upto Rs. 6,000 crores, within the overall borrowing limits of the Company, as may be approved by the Members from time to time.
7. Payment of commission to Independent Directors of the Company, for the Financial Year ended 31st March, 2017.

Signed this _____ day of _____ 2017.



Signature of Shareholder

Signature of Proxy Holder(s)

NOTE :

- (1) A Proxy need not be a Member of the Company.
- (2) This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



MAHINDRA RURAL HOUSING FINANCE LIMITED

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

Corporate Identity Number : U65922MH2007PLC169791

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

Website: www.mahindrahomefinance.com

E-mail: customercare.mrhfl@mahfin.com

ATTENDANCE SLIP

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

Name and Registered Address of :
the Shareholder

Joint Holder :

Folio no. / DP ID no. :

Client ID no. :

No. of Shares :

I hereby record my presence at the Tenth Annual General Meeting of Mahindra Rural Housing Finance Limited being held on Monday, 17th July, 2017 at 5.30 p.m. at Mahindra Towers, 4th Floor, P. K. Kurne Chowk, Worli, Mumbai – 400 018.

Name(s) of the Shareholder(s)/ Representative/Proxy (IN BLOCK CAPITALS)	
Signature(s) of the Shareholder(s)/ Representative/Proxy	

Note: You are requested to bring your copy of the Annual Report to the Meeting.

MAHINDRA RURAL HOUSING FINANCE LIMITED

BOARD'S REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting their Tenth Report together with the audited Financial Statements of your Company for the year ended 31st March, 2017.

FINANCIAL RESULTS

Amount in Rs. Lakhs

Particulars	For the year ended 31 st March, 2017	For the year ended 31 st March, 2016
Total Income	70,336.89	49,544.73
Less : Expenses:		
Employee Benefits Expense	12,847.83	9,218.31
Finance Costs	29,794.38	21,332.05
Depreciation and Amortization Expense	528.04	343.34
Other Expenses	14,476.38	8981.39
Total Expenses	57,646.63	39,875.09
Profit Before Tax	12,690.26	9,669.64
Less : Tax Expense:		
(1) Current Tax	5,260.00	3,818.00
(2) Deferred Tax	(824.50)	(488.29)
(3) (Excess)/Short Provision for Income Tax – earlier years	(45.79)	71.90
Profit /(Loss) for the year	8,300.55	6,268.03
Profit / (Loss) brought forward from previous year	7,841.82	3,898.79
Amount available for Appropriation	16,142.37	10,166.82
Appropriations:		
Special Reserve	3,300.00	2,300.00
Additional Special Reserve (u/s 29C of NHB Act, 1987)	25.00	25.00
Dividend on Equity Shares	*1,060.21	-
Income-tax on dividend	*215.83	-
Balance as at the end of the year	11,541.33	7,841.82

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

There have been no material changes and commitments, affecting the financial position of the Company which occurred between the end of the Financial Year 2016-17 and the date of this Report.

MAHINDRA RURAL HOUSING FINANCE LIMITED

OPERATIONS

During the year under consideration, the total income was Rs. 703.37 crores as against Rs. 495.45 crores for the Financial Year 2015-16, registering a growth of 42 percent over the previous year. Profit before tax was 31 percent higher at Rs. 126.90 crores as compared to Rs. 96.70 crores for the previous year. Profit after tax was 32 percent higher at Rs. 83.01 crores as compared to Rs. 62.68 crores for the previous year.

Your Company has disbursed loans aggregating to Rs. 2,116.21 crores (previous year Rs. 1,552.48 crores) achieving a growth of 36 percent over the previous year. The outstanding loan portfolio as at 31st March, 2017 stood at Rs. 4,823.55 crores. Your Company continued its focus on serving customers in rural India. Majority of the loans disbursed were to customers in villages with an average annual household income of less than Rs. 1.50 lakhs. During the year under consideration, around 1,72,000 households were given home loans (in addition to around 3,88,000 existing households as on 31st March, 2016). Your Company has been expanding its geographical presence to provide affordable services for rural households.

During the year under consideration, operations were strengthened in the states of Maharashtra, Gujarat, Rajasthan, Tamil Nadu, Andhra Pradesh, Telangana, Chhattisgarh, Kerala, Karnataka, Madhya Pradesh, Uttar Pradesh and Bihar.

CORPORATE GOVERNANCE

During the year under consideration, the Board of Directors approved 'fit & proper policy' for Directors and framed internal guidelines for Corporate Governance in pursuance of the provisions of Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 issued by the National Housing Bank vide Notification no. NHB.HFC.ATC-DIR.1/MD&CEO/2016 dated 9th February, 2017. As required under the provisions of the said directions, internal guidelines on Corporate Governance framed by the Board are available on the web site of the Company at the following link:

http://www.mahindrahomefinance.com/pdf/internal_guidelines_corporate_governance.pdf

Pursuant to aforesaid directions, declarations in the prescribed format have been received from all Directors and a Deed of Covenants, as prescribed under the said directions has been signed by all directors and the Company.

A management discussion and analysis, as required under the aforesaid directions of the National Housing Bank, is given below.

MAHINDRA RURAL HOUSING FINANCE LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

a) Industry Structure and developments

A report published by KPMG (“Decoding Housing for All by 2022”), pegs the 2012 shortage of Housing units in India at 5.9 crore units (and projects it to increase to 11 crore units by 2022). Of this, the shortage in rural areas is 4 crore units (projected to increase to 6.4 crore units by 2022) while the shortage in urban areas is placed at 1.9 crore units (projected to increase to 4.6 crore units by 2022). Moreover 95 per cent of the housing shortage in urban areas is within the Economically Weaker Sections (EWS) / Lower Income Group (LIG) segments defined as households at the Bottom of the Economic Pyramid with annual household incomes of less than 3 lakhs (EWS) or 6 lakhs (LIG).

Recognizing this issue, the Government of India has set up an ambitious goal of “Housing For All by 2022”, supported by schemes like Pradhan Mantri Awas Yojana (Urban) [PMAY-U] and the recently announced Pradhan Mantri Awas Yojana (Gramin) [PMAY-G], which offer incentive and subsidies to eligible beneficiaries from these underserved segments of the society. Since the large unmet demand for housing is unlikely to be met without adequate housing finance assistance, all such subsidies are being routed through formal financial institutions like Banks and Housing Finance Companies. Your Company is uniquely positioned to help in addressing this crying social need because of the reach and more importantly, the knowledge your Company has acquired about the customer segment the Company serves. Your Company will continue to focus on serving the underserved rural customers and grow the business. In addition, your Company will now begin focusing on the affordable housing segment in smaller towns and cities as well, given the large market opportunity and its experience in serving customers with incomplete income documentation and no credit history. The Government’s focus on this segment and the large unmet demand would combine to make this initiative develop into another growth engine for the Company.

b) Opportunities and Threats

Opportunities

- Govt. thrust on housing.
- Large untapped market.
- Digitization – external and internal.
- Improving rural infrastructure.

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Threats

- Market disruption through technology and/or new innovative business models.
- Competition / new entrants.

c) Segment-wise or product-wise performance

The Company does not have segments and operates only in one segment. The performance of the Company is covered above in the paragraph 'operations'.

d) Outlook

With the thrust of the Government on affordable housing and the ambitious target of 'housing for all by 2022', the outlook for the industry is buoyant. With the innate business strengths of the Company like Pedigree / Brand Image, Strong Balance Sheet, Reach, Customer base, trained and dedicated work force and insight of the market it serves, the Company is in a position to capitalize on favourable conditions and drive growth.

e) Risks and concerns

- People intensive nature of the industry
- Agriculture / Weather Cycle dependent
- No or limited banking habits of customers

f) Internal control system and their adequacy

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

g) Discussion on financial performance with respect to operational performance

The financial and operational performance is elaborated above in the paragraphs 'Financial Results' and 'Operations'.

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h) Material developments in Human Resources / Industrial Relations front, including number of people employed

There were no material developments in Human Resource / Industrial Relations front during the year under consideration. The Company had 6,238 employees as at 31st March, 2017.

TRANSFER TO RESERVES

The Company proposes to transfer an amount of Rs. 33.25 crores to the Statutory Reserves. No amount is proposed to be transferred to General Reserve.

DIVIDEND

Your Directors recommend a dividend of Re. 1.50 per Equity Share on 9,51,32,166 Equity Shares of the face value of Rs. 10 each, aggregating to Rs. 1717.52 lakhs (including Dividend Distribution Tax).

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

The dividend, including Dividend Distribution Tax, surcharge and education cess, will absorb a sum of Rs. 17.18 crores [as against Rs. 12.76 crores (including tax) on account of dividend of Re. 1.40 per Equity Share, paid for the previous year].

FINANCE

During the year under consideration, your Company was sanctioned Term Loans amounting to Rs. 550 crores from banks for tenures of three to five years.

As on 31st March, 2017, outstanding borrowings from Banks stood at Rs. 2,502.20 crores (of Long Term Loans) and outstanding borrowings from National Housing Bank amounted to Rs. 137.06 crores.

During the year under consideration, your Company has raised an amount of Rs. 122.00 crores by issue of 1220 Unsecured Subordinated Redeemable Non-Convertible Debentures (NCDs) of Rs. 10,00,000 each for cash at par on a Private Placement basis.

During the year under consideration, your Company has raised an amount of Rs. 463.50 crores by issue of 4635 Secured Subordinated Redeemable Non-Convertible Debentures (NCDs) of Rs. 10,00,000 each for cash at par on a Private Placement basis, including zero coupon bonds.

The Company has been regular in repayment of its borrowings and payment of interest due thereon. There were no NCDs which have not been claimed by the investors or not paid by the Company after the date on which the NCDs became due for redemption.

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LISTING

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

CREDIT RATING

During the year under consideration, India Rating & Research Private Limited has reaffirmed the rating to the Company's Bank facilities, Non-Convertible Debentures and Subordinated Debt as 'IND AA+/stable' outlook and 'IND A1+' rating to the Commercial Paper Issued by the Company.

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

CRISIL has upgraded its rating on long-term debt instrument to 'CRISIL AA+/Stable' from 'CRISIL AA-/Stable' and reaffirmed the rating as 'CRISIL A1+' to the Commercial Paper Issued by the Company.

ACHIEVEMENTS

Your Company achieved People Capability Maturity Model (PCMM) Level 3 rating during the year under consideration. The PCMM framework assesses the management and development of human assets of the organization through a detailed audit of 22 processes across 5 maturity levels. Widely used in the IT services and BPO industry, your Company has adopted this framework given the manpower intensity of its business model. The Level 3 rating is on the scale of 5 levels and has been achieved in the very first assessment year.

During the year under consideration, your Company and its unique business model and strategy was also showcased in a book on business strategy titled "Riding the Tiger – How to Execute Business Strategy in India".

SHARE CAPITAL

During the year under consideration, 1,94,02,985 Equity Shares of the face value of Rs. 10 each were allotted to the existing Shareholders of the Company on a Rights basis for cash at a premium of Rs. 57 per Equity Share aggregating to Rs. 129,99,99,995. Your Company has utilised the issue proceeds to augment its capital base, meet its capital requirements and for other general corporate purposes. Post allotment of Equity Shares as aforesaid, the issued, subscribed and paid-up Share Capital of the Company stands at Rs. 95.13 crores comprising of 9,51,32,166 Equity Shares of Rs. 10 each fully paid-up.

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During the year under consideration, the Company has neither issued shares with differential voting rights as to dividend, voting or otherwise, nor has issued sweat equity.

During the year under consideration, an Employee Stock Option Scheme (the Scheme) was approved by the Board of Directors for the employees, as defined under the Scheme, upon the recommendation of the Nomination and Remuneration Committee. The Scheme is proposed to be administered through a trust to be created for the purpose. The Scheme is subject to the approval of Shareholders.

There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which, loan was given by the Company.

As on 31st March, 2017, none of the Directors of the Company holds instruments convertible into Equity Shares of the Company.

DEPOSITORY SYSTEM

Your Company's Equity Shares are available for dematerialisation through National Securities Depository Limited. As on 31st March, 2017, all the Equity Shares of your Company were held in dematerialised form except 12 shares held in physical form by the nominees of Mahindra & Mahindra Financial Services Limited, the Holding Company.

CAPITAL ADEQUACY

Consequent upon the allotment of Equity Shares on a Rights basis, the paid-up Share Capital of the Company has increased to Rs. 95.13 crores as on 31st March, 2017 from Rs. 75.73 crores as on 31st March, 2016. The securities premium account has also been credited with Rs. 110.60 crores.

As a result of the increased Net Worth, the Capital to Risk Assets Ratio (CRAR) of your Company enhanced to 30.54 percent as on 31st March, 2017 which is well above the 12 percent CRAR prescribed by the National Housing Bank.

NON-PERFORMING ASSETS AND PROVISIONS FOR CONTINGENCY

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

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INSPECTION BY NATIONAL HOUSING BANK (NHB)

During the year under consideration, NHB has carried out the Inspection of your Company for the financial position as at 31st March, 2016. Inspection report for the financial position as on 31st March, 2015, received during the year under consideration, did not find any major deficiencies/short comings in the functioning of the company. The report was reviewed by the Audit committee and the Board of Directors and management compliance reply on action taken/proposed to be taken was submitted to NHB.

INSURANCE PROTECTION TO BORROWERS

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

DIRECTORS

Pursuant to the provisions of section 152 of the Companies Act, 2013, Mr. Ramesh Iyer, Non-Executive Non-Independent Director of the Company retires by rotation at the forthcoming Annual General Meeting and being eligible, has offered himself for re-appointment.

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

KEY MANAGERIAL PERSONNEL

During the year under consideration, Ms. Arnavaz Pardiwalla, resigned as the Company Secretary and Key Managerial Personnel of the Company. The resignation was effective from 14th July, 2016.

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee appointed Mr. Navin Joshi as the Company Secretary & Compliance Officer of the Company with effect from 14th July, 2016.

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

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COMPOSITION OF THE BOARD

The composition of the Board of Directors of your Company is in conformity with the provisions of the Companies Act, 2013, as amended from time to time. The Company has a Non-Executive Chairman, a Managing Director, three Non-Executive Non-Independent Directors (including a Nominee Director appointed by National Housing Bank) and three Independent Directors. The Board reviews and approves strategy and oversees the actions and results of management to ensure that the long term objectives of enhancing stakeholders' value are met.

Board Meetings and Annual General Meeting

During the Financial Year 2016-17, the Board of Directors met five times on 15th April, 2016, 14th July, 2016, 14th October, 2016, 13th January, 2017 and 2nd March, 2017.

The names and categories of the Directors of the Company, their attendance at the Board Meetings held during the Financial Year 2016-17 and at the last Annual General Meeting (AGM) of the Company held on 14th July, 2016 as well as at the adjournment thereof on 12th August, 2016, are as follows:

Names of Directors	Category	Attendance at the Board Meetings held during F.Y. 2016-17		Attendance at the last Annual General Meeting (Yes / No)	
		Held	Attended	AGM on 14 th July, 2016	Adjourned AGM on 12 th August, 2016
Mr. Ramesh Iyer (Chairman)	Non-Executive Non-Independent Director	5	5	Yes	Yes
Mr. Anuj Mehra (Managing Director)	Executive Director	5	5	Yes	Yes
Mr. V. Ravi	Non-Executive Non-Independent Director	5	5	Yes	Yes
Mr. K. Chandrasekar	Non-Executive Non-Independent Director	5	4	Yes	No
Mr. K. Chakarvarthy (Nominee of National Housing Bank)	Non-Executive Non-Independent Director	5	4	No	No

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Mr. Nityanath Ghanekar	Independent Director	5	4	Yes	Yes
Mrs. Anjali Raina	Independent Director	5	5	Yes	Yes
Dr. Narendra Mairpady	Independent Director	5	5	Yes	No

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors met once during the year under consideration. The Meeting was conducted without the presence of the Chairman, the Managing Director, the Non-Executive Non-Independent Directors and the Chief Financial Officer.

COMMITTEES OF THE BOARD

(a) AUDIT COMMITTEE

Your Company has an adequately qualified and experienced Audit Committee. As on 31st March, 2017, the Audit Committee comprised of four Non-Executive Directors of which three are Independent Directors. The Committee comprises of Mr. Nityanath Ghanekar (Chairman), Mrs. Anjali Raina and Dr. Narendra Mairpady, all Independent Directors and Mr. V. Ravi, Non-Executive Non-Independent Director.

The terms of reference of the Audit Committee are as follows:

- a) To recommend appointment, remuneration and terms of appointment of auditors and internal auditors of the Company;
- b) To review and monitor the auditor's independence and performance, and effectiveness of audit process;
- c) To examine the quarterly and annual financial statements and the auditor's report thereon;
- d) To approve or subsequently modify transactions of the Company with Related Parties;
- e) To scrutinize inter-corporate loans and investments;
- f) To undertake valuation of undertakings or assets of the Company, wherever it is necessary;
- g) To evaluate Internal Financial Controls and risk management systems;
- h) To monitor the end use of funds raised through public offers and related matters;
- i) To formulate the scope, functioning, periodicity and methodology for conducting the internal audit, in consultation with the Internal Auditor;
- j) To discharge from time to time such other acts, duties and functions as may be assigned by the Board of Directors or prescribed under the Companies Act, 2013 or any other applicable law and Rules made thereunder.

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The Audit Committee met five times during the year under consideration on 15th April, 2016, 14th July, 2016, 14th October, 2016, 13th January, 2017 and 2nd March, 2017.

The attendance of the Members of the Audit Committee at its Meetings held during the Financial Year 2016-17 is given below:

Names of Members	Category	Audit Committee Meetings	
		Held	Attended
Mr. Nityanath Ghanekar (Chairman)	Independent Director	5	4
Mrs. Anjali Raina	Independent Director	5	5
Dr. Narendra Mairpady	Independent Director	5	5
Mr. V. Ravi	Non-Executive Non-Independent Director	5	5

The Board has accepted all the recommendations made by the Audit Committee during the year under consideration. The Chairman of the Board, Managing Director, Chief Financial Officer, Chief Internal Auditor of Mahindra & Mahindra Limited and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee.

Mr. Nityanath Ghanekar, Chairman of the Audit Committee, was present at the 9th Annual General Meeting of the Company held on 14th July, 2016 as well at its adjournment on 12th August, 2016.

(b) NOMINATION AND REMUNERATION COMMITTEE

As on 31st March, 2017, the Nomination and Remuneration Committee of the Board of Directors comprised of four members viz. Mr. Ramesh Iyer and Mr. K. Chandrasekar, Non-Executive Non-Independent Directors and Mr. Nityanath Ghanekar and Mrs. Anjali Raina, Independent Directors. The Committee met four times during the year under consideration on 15th April, 2016, 13th July, 2016, 13th January, 2017 and 2nd March, 2017. The Nomination and Remuneration Committee, inter alia, recommends the appointment and removal of Directors and carries out evaluation of performance of every Director in accordance with the framework adopted by the Board. The Committee is also empowered to look into the entire gamut of remuneration package for the working Director(s) and revise their remuneration, subject to limits approved by the Shareholders, and formulate and administer the Employee Stock Option Plan.

The attendance of the Members of Nomination and Remuneration Committee at its Meetings held during the Financial Year 2016-17 is given below:

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Names of Members	Category	Nomination and Remuneration Committee Meetings	
		Held	Attended
Mr. Ramesh Iyer	Non-Executive Non-Independent Director	4	4
Mr. K. Chandrasekar	Non-Executive Non-Independent Director	4	2
Mr. Nityanath Ghanekar	Independent Director	4	3
Mrs. Anjali Raina	Independent Director	4	4

(c) ASSET LIABILITY COMMITTEE

The Asset Liability Committee (ALCO) of the Board of Directors comprises of Mr. Ramesh Iyer (Chairman of the Committee), Mr. K. Chandrasekar and Mr. V. Ravi, Non-Executive Non-Independent Directors. During the year under consideration, the ALCO Committee met twice, on 15th April, 2016 and 13th October, 2016. The Committee oversees the Asset Liability Management system of the Company.

The attendance of the Members of ALCO Committee at its Meetings held during the Financial Year 2016-17 is given below:

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

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(d) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility ('CSR') Committee has been constituted by the Board of Directors to formulate and recommend to the Board a CSR Policy indicating the activities to be undertaken by the Company in compliance with the provisions of the Companies Act, 2013 (the Act) and the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR Committee, inter alia, allocates the amount of expenditure to be incurred by the Company on CSR activities as enumerated in Schedule VII to the Act and monitors the CSR Policy of the Company periodically. The CSR Policy of the Company is displayed on the website of the Company at the web-link: <http://www.mahindrachomefinance.com/csr-policy.php>

Mr. Ramesh Iyer, Chairman and Non-Executive Non-Independent Director is the Chairman of the Committee. Mr. K. Chandrasekar and Mr. V. Ravi, Non-Executive Non-Independent Directors, Mr. Anuj Mehra, Managing Director and Mrs. Anjali Raina, Independent Director are the other Members of the Committee. During the year under consideration, the CSR Committee met twice, on 15th April, 2016 and 14th October, 2016.

The attendance of the Members of CSR Committee at its Meetings held during the Financial Year 2016-17 is given below:

Names of Members	Category	CSR Committee Meetings	
		Held	Attended
Mr. Ramesh Iyer (Chairman)	Non-Executive Non-Independent Director	2	2
Mr. V. Ravi	Non-Executive Non-Independent Director	2	2
Mr. K. Chandrasekar	Non-Executive Non-Independent Director	2	2
Mrs. Anjali Raina	Independent Director	2	2
Mr. Anuj Mehra	Managing Director	2	2

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During the year under consideration, your Company spent Rs. 178.09 Lakhs towards CSR activities pertaining to eradicating hunger and poverty and promoting education for the girl child and financial literacy amongst children and women.

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

The Annual Report on the CSR activities undertaken by your Company in the Financial Year 2016-17 is appended as **Annexure I** to this Report.

(e) RISK MANAGEMENT COMMITTEE

During the year under consideration, a Risk Management Committee was formed by the Board of Directors pursuant to the provisions of Notification no. NHB.HFC.ATC-DIR.1/MD&CEO/2016 dated 9th February, 2017, vide which the National Housing Bank notified Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016.

As on 31st March, 2017, the Risk Management Committee comprised of four Non-Executive Directors, of which three are Independent Directors. The Committee comprises of Mr. Nityanath Ghanekar (Chairman), Mrs. Anjali Raina and Dr. Narendra Mairpady, all Independent Directors and Mr. V. Ravi, Non-Executive Non-Independent Director.

The Committee was formed by the Board of Directors at their Meeting held on 2nd March, 2017. No Meeting of the Committee was held during the year under consideration.

The terms of reference of the Committee are as follows:

- a) The Risk Management Committee shall 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.
- b) The Chief Financial Officer of the Company shall apprise the Risk Management Committee and the Board of the major risks as well as the movement in the profile of the high risk category, the root causes of risks and their impact, key performance indicators, risk management measures and the current controls being exercised to mitigate these risks.
- c) The Risk Management Committee shall perform such other duties, as are required to be performed by the Committee, under the applicable laws, Guidelines and NHB Directions.

Besides the above Statutory Committees, the Board of Directors also has following Committees:

- a) Loans & Investment Committee.
- b) Committee of Directors for allotment of Debentures.

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PERFORMANCE EVALUATION OF THE BOARD

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

Well-defined and structured questionnaires were used in the evaluation process, covering various aspects of the Board's functioning such as adequacy of composition of the Board and its Committees, Board culture, areas of responsibility, execution and performance of specific duties, obligations, governance and compliance perspective. Evaluation was carried out based on feedback received from Directors.

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

DECLARATIONS GIVEN BY INDEPENDENT DIRECTORS

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

COMPANY'S POLICIES ON DIRECTORS' APPOINTMENT AND REMUNERATION

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

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

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

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

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PARTICULARS OF REMUNERATION

Disclosures pursuant to section 197(12) of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as under:

1 The ratio of the remuneration of each Director to the median remuneration of employees of the Company for the Financial Year 2016-17:

Name of the Director	Designation	Ratio of the remuneration of each Director to median remuneration of employees
Mr. Ramesh Iyer (Chairman)	Non-Executive Non-Independent Director	NIL*
Mr. V. Ravi	Non-Executive Non-Independent Director	NIL*
Mr. K. Chandrasekar	Non-Executive Non-Independent Director	NIL*
Mr. Nityanath Ghanekar	Independent Director	5.43X
Mrs. Anjali Raina	Independent Director	6.21X
Dr. Narendra Mairpady	Independent Director	5.36X
Mr. K. Chakravarthy	Non-Executive Non-Independent Director (Nominee of National Housing Bank)	NIL*
Mr. Anuj Mehra	Managing Director	137.14X

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

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2 The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2016-17:

Name of the Director /KMP	Designation	Percentage increase in Remuneration
Mr. Ramesh Iyer (Chairman)	Non-Executive Non-Independent Director	NIL ⁽¹⁾
Mr. V. Ravi	Non-Executive Non-Independent Director	NIL ⁽¹⁾
Mr. K. Chandrasekar	Non-Executive Non-Independent Director	NIL ⁽¹⁾
Mr. Nityanath Ghanekar	Independent Director	(2.56)
Mrs. Anjali Raina	Independent Director	10.13
Dr. Narendra Mairpady	Independent Director	58.56
Mr. K. Chakravarthy	Non-Executive Non-Independent Director (Nominee of National Housing Bank)	NIL ⁽¹⁾
Mr. Anuj Mehra	Managing Director	(1.84)
Mr. Dharmesh Vakharia	Chief Financial Officer	7.40
Mr. Navin Joshi ⁽²⁾	Company Secretary & Compliance Officer	64.97 ⁽³⁾
Ms. Arnavaz Pardiwalla ⁽²⁾	Company Secretary & Compliance Officer	

⁽¹⁾ Mr. Ramesh Iyer, Mr. V. Ravi, Mr. K. Chandrasekar and Mr. K. Chakravarthy do not receive any remuneration from the Company.

⁽²⁾ Ms. Arnavaz Pardiwalla resigned as the Company Secretary and Compliance Officer with effect from 14th July, 2016. Mr. Navin Joshi has been appointed as the Company Secretary & Compliance Officer with effect from 14th July, 2016.

⁽³⁾ Secretarial function is covered under the cost sharing arrangement with the Holding Company.

3 The percentage increase in the median remuneration of employees in the Financial Year:

9.80 percent considering employees who were in employment for the whole of the Financial Year 2015-16 and 2016-17.

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4 The number of Permanent employees on the rolls of Company as on 31st March, 2017:

As on 31st March, 2017, there were 6,238 permanent employees on the rolls of the Company.

5 Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last Financial Year i.e. 2016-17 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 2015-16 and 2016-17, the average increase is 9.92 percent. The managerial remuneration has decreased by 1.84 percent. The increase in the remuneration of non-managerial personnel is in accordance with the performance appraisal based on the Key Result Areas (KRAs) and the overall performance of the Company. The remuneration of the key managerial personnel and Directors is based on the approved Remuneration Policy. There were no exception circumstances for increase in the managerial remuneration.

6 Affirmation that the remuneration is as per the Remuneration Policy of the Company:

The remuneration paid/payable is as per the Policy on Remuneration of Directors and Remuneration Policy for Key Managerial Personnel and Employees, adopted by the Company.

Mr. Anuj Mehra, Managing Director of the Company, does not receive any remuneration or commission from the Holding Company. However, the Managing Director has been granted stock options under the Employees' Stock Option Scheme of the Holding Company, Mahindra & Mahindra Financial Services Limited, and has exercised the stock options during the year under consideration, which were granted in earlier year(s).

Details of employee remuneration as required under provisions of section 197(12) of the Companies Act, 2013 read with Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are available at the Registered Office of the Company during working hours, 21 days before the Annual General Meeting and shall be made available to any Shareholder on request. Such details are also available on your Company's website and can be accessed at the Web-link:

<http://www.mahindrashomefinance.com/annual-reports.php>

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None of the employees is a relative of any Director of the Company.

None of the employees holds, either by himself or along with his spouse or dependent children, more than two percent of the Equity Shares of the Company.

HUMAN RESOURCES AND TRAINING

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

The Company has also conducted various engagement surveys to understand the engagement levels across employees for devising various policies which has helped in boosting employee morale and engagement levels. The Company had 6,238 employees as at 31st March, 2017.

Your Company strongly believes in maintaining the dignity of all its employees irrespective of their gender or seniority. Discrimination and harassment of any type are strictly prohibited. The Company has taken necessary steps to enhance awareness amongst its employees in respect of provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder. The Company has in place the Internal Complaints Committee (ICC) to redress complaints regarding sexual harassment and an appropriate policy to prevent sexual harassment which covers all employees of the Company.

During the year under consideration, the Company has not received any complaint on sexual harassment.

CODES OF CONDUCT FOR CORPORATE GOVERNANCE

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

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

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AUDITORS

Statutory Auditors

Messrs. B. K. Khare & Co., Chartered Accountants, [ICAI Firm Registration No.105102W] the retiring Auditors of the Company complete their term as Statutory Auditors, as provided under the relevant provisions of the Companies Act, 2013 and rules made thereunder, at the conclusion of the ensuing Annual General Meeting ("AGM") of the Company.

The Board has placed on record its sincere appreciation for the services rendered by Messrs. B. K. Khare & Co., as Statutory Auditors of the Company.

The Board of Directors, upon the recommendation of the Audit Committee, has approved and recommend to Members, appointment of Messrs. B S R & Co., LLP [ICAI Firm Registration No. 101248W/W-100022] as Statutory Auditors for a period of five years i.e. from the conclusion of the forthcoming Annual General Meeting until the conclusion of the Annual General Meeting of the Company to be held in the year 2022.

As required under the provisions of section 139(1) of the Companies Act, 2013, the Company has received a written consent from B S R & Co. LLP to their appointment and a Certificate, to the effect that their appointment, if made, would be in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in section 141 of the Companies Act, 2013 read with Rule 4(1) of the Companies (Audit and Auditors) Rules, 2014.

The Auditor's Report is unmodified and does not contain any qualification, reservation or adverse remark.

Secretarial Auditor

Messrs. KSR & Co., Company Secretaries LLP are the Secretarial Auditors of the Company and 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 2016-17 furnished by the Secretarial Auditor is appended to this Report as **Annexure III**.

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

MAHINDRA RURAL HOUSING FINANCE LIMITED

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

ACCOUNTING STANDARDS FOLLOWED BY THE COMPANY

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

EXTRACT OF THE ANNUAL RETURN

Pursuant to sub-section 3(a) of section 134 and sub-section (3) of section 92 of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at 31st March, 2017 is appended to this Report as **Annexure IV**.

VIGIL MECHANISM

The Company promotes ethical behaviour in all its business activities and has established a Vigil Mechanism for Directors and Employees to report their genuine concerns.

As per the Whistle Blower Policy of the Company, Employees are free to report illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity, to the Chairman of the Audit Committee of the Board of Directors or Chairman of the Company or the Corporate Governance Cell.

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

The Whistle Blower Policy of the Company is available on the website of the Company at the Web-link: <http://www.mahindrahomefinance.com/whistle-blower-policy.php>

INTERNAL CONTROL SYSTEM

Your Company has in place an adequate internal control system to safeguard all assets and ensure operational excellence. It also has a team of Internal Auditors to conduct internal audit. Independent audit firms ensure that all transactions are correctly authorised and reported. The Internal Audit reports are discussed with the Management and reviewed by the Audit Committee of the Board of Directors. The

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Audit Committee also reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations. Wherever deemed necessary, internal control systems are strengthened and corrective actions initiated.

INTERNAL FINANCIAL CONTROL SYSTEM

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

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

RISK MANAGEMENT

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

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

During the year under consideration, a Risk Management Committee of the Board has also been constituted pursuant to NHB regulations.

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

1. **Credit Risk:** Credit Risk is inherent to any lending business and the Company also faces this risk. To mitigate this, the Company has put in place stringent lending norms, has developed metrics to evaluate customer's income and insists on a thorough field investigation to check the viability of lending to a customer.
2. **People Risk:** The Company's business model is highly people centric and the Company's employees are its biggest strength. Retention of employees is hence a key focus area. Extensive training, team building and employee engagement initiatives have been adopted to mitigate this risk. The Company follows a policy of hiring locally. This ensures employees appreciate local conditions which in turn ensures superior productivity while taking credit decisions and also while servicing customers.

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3. **Environmental Risk:** Cash flows of a large number of the Company's customers depend on agriculture. Environmental factors affecting crops (yields and/or prices) impact the customer's ability to repay. The Company mitigates this risk through a policy of geographical hedging. The Company engages with its customers through regular follow-up and close monitoring.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. In the preparation of the annual accounts for Financial Year ended 31st March, 2017, applicable accounting standards have been followed and there are no material departures in adoption of these standards.
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the profit of the Company for the year ended on that date.
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The Directors have prepared the annual accounts for the Financial Year ended 31st March, 2017, on a 'going concern' basis.
- v. The Directors have laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and have been operating effectively.
- vi. The Directors have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS IN SECURITIES

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

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PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts/arrangements/ transactions entered into by the Company with Related Parties during the Financial Year 2016-17 were in the ordinary course of business and on an arm's length basis. Pursuant to section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under section 188(1) of the Companies Act, 2013. None of the Non-Executive Directors has any pecuniary relationships or transactions vis-à-vis the Company.

The Policy on Related Party Transactions, as approved by the Audit Committee and the Board of Directors of the Company, is appended to this Report as **Annexure VI**. The same is also uploaded on the website of the Company and can be accessed following the web link:

http://www.mahindrahomefinance.com/pdf/MRHFL_Related_Party_Transactions_%20Policy.pdf

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

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

SUBSIDIARIES

The Company did not have any subsidiary as on 31st March, 2017 or during the Financial Year ended on that date.

CHANGE IN THE NATURE OF BUSINESS

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

PUBLIC DEPOSITS AND LOANS/ADVANCES

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

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The Company has not made any loans/advances in the nature of loans which are otherwise required to be disclosed in the Annual Accounts of the Company pursuant to Regulation 53 (f) read with paragraph A of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

GENERAL INFORMATION

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

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

Axis Trustee Services Limited
Axis House, 2nd Floor,
Wadia International Centre,
Pandurang Budhkar Marg, Worli,
Mumbai – 400 025.

Telephone : (022) 2425 5215/16

Fax : (022) 2425 4200

E-mail : debenturetrustee@axistrustee.com

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ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Sd/-
Ramesh Iyer
Chairman

Registered Office:
Mahindra Towers,
P. K. Kurne Chowk, Worli,
Mumbai – 400 018.
CIN: U65922MH2007PLC169791
Tel.: 91 22 6652 3500; Fax: 91 22 2497 2741
E-mail: customercare.mrhfl@mahfin.com
Website: www.mahindrahomefinance.com

17th April, 2017

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ANNEXURE I TO THE BOARD'S REPORT

Annual Report on Corporate Social Responsibility Activities as prescribed under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

With a vision of transforming the lives of youth from socially weaker and economically disadvantaged sections of society, the Mahindra Group is committed to 'building possibilities' to enable them to 'RISE' above their limiting circumstances. Your Company believes in the transformation of Indian villages into socially stimulating, self-sustaining, growth-oriented communities for a good quality life. To achieve this transformation, it is necessary to empower these communities in all possible aspects for a bright future. Empowering them is the key not only to the well-being of individuals, families and rural communities, but also to overall economic productivity of the Country.

The Company has duly constituted a CSR Committee in accordance with section 135 of the Companies Act, 2013 to assist the Board and the Company in fulfilling the corporate social responsibility objectives of the Company.

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

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

2. **The Composition of the CSR Committee** : Mr. Ramesh Iyer (Chairman), Mr. K. Chandrasekar, Mr. V. Ravi, Mr. Anuj Mehra and Mrs. Anjali Raina.
3. **Average net profit of the Company for last three financial years** : Rs. 8,827.43 Lakhs
4. **Prescribed CSR Expenditure (two percent of the amount at item 3 above)** : Rs. 176.55 Lakhs
5. **Details of CSR amount spent during the Financial Year 2016-17.**
 - (a) **Total amount spent during the Financial Year:** Rs. 178.09 Lakhs
 - (b) **Amount unspent, if any:** NIL

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

Amount in Rs. Lakhs

1	2	3	4	5	6	7	8
SR. No	CSR Project or Activity identified	Sector in which the Project is covered (Notes)	Projects or programs (1) Local Area or other (2) Specify the state or district where projects or programs were undertaken	Amount outlay (Budget) projects or programs wise	Amount spent on the project or programs (1) Direct & (2) Overhead	Cumulative expenditure upto the reporting period	Amount spent : Directly or Through Implementing Agency
1	Supporting the PM's Clean India Campaign by building toilets & creating awareness about Sanitation & Cleanliness	(i)	Aurangabad (Maharashtra)	21.41	22.95	22.95	Habitat for Humanity
2	Supporting education of underprivileged girls through project 'Nanhi Kali'	(ii)	Nasik (Maharashtra), Ratlam (Madhya Pradesh), Varanasi (Uttar Pradesh)	100.19	100.19	100.19	K.C. Mahindra Education Trust
3	Sensitizing community on cashless methods of transaction	(ii)	Maharashtra, Gujarat, Rajasthan, Madhya Pradesh, Tamil Nadu, Chhattisgarh, Andhra Pradesh	25.00	25.00	25.00	Mahindra Foundation

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4	Donating a school bus to provide convenience to female students to reach college campus from remote areas	(ii)	Palanpur (Gujarat)	12.95	12.95	12.95	Banaskantha District Kelavani Mandal
5	Education Support to Schools & underprivileged students	(ii)	Mumbai (Maharashtra)	1.00	1.00	1.00	Shree Harihar Putra Bhajan Samaj
6	Providing financial support for protection of national heritage	(iii)	Amritsar (Punjab)	1.00	1.00	1.00	The Team Work Fine Arts Society
7	Providing waterwheels to address the issue of safe water availability	(iv)	Latur District (Maharashtra)	15.00	15.00	15.00	Habitat for Humanity

Notes:

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

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

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7. **The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.**

For Mahindra Rural Housing Finance Limited

Sd/-
Anuj Mehra
Managing Director

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

Sd/-
Ramesh Iyer
Chairman of the
Corporate Social Responsibility Committee

MAHINDRA RURAL HOUSING FINANCE LIMITED

ANNEXURE II TO THE BOARD'S REPORT POLICY ON REMUNERATION OF DIRECTORS

Prelude

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

This Policy shall be effective from the financial year 2014 - 15.

Intent of the Policy

The intent of the Remuneration Policy of Directors of Mahindra Rural Housing Finance Limited ("the Company") is to focus on enhancing the value and to attract and retain quality individuals with requisite knowledge and excellence as Executive and Non-Executive Directors for achieving objectives of the Company and to place the Company in a leading position.

The Nomination and Remuneration Committee (NRC) of the Board shall, while formulating the policy ensure that —

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

While deciding the policy on remuneration of Directors, the Committee may consider amongst other things, the duties and responsibilities cast by the Companies Act, 2013, various Codes of Conduct, Articles of Association, restrictions on the remuneration to Directors as also the remuneration drawn by Directors of other companies in the industry, the valuable contributions and inputs from Directors based on their knowledge, experience and expertise in shaping the destiny of the Company etc. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Companies Act, 2013 and principles pertaining to qualifications, positive attributes, integrity and independence of Directors etc.

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Directors

The Managing Director is an executive of the Company and draws remuneration from the Company. The Non-Executive Chairman and Independent Directors may receive sitting fees for attending the meeting of the Board and the Committees thereof, if fixed by the Board of Directors from time to time subject to statutory provisions. The Non-Executive Chairman and Independent Directors would be entitled to the remuneration under the Companies Act, 2013. A Non-Executive Non-Independent Director who receives remuneration from the Holding Company or a Group Company will not paid any sitting fees or any remuneration. In addition to the above, the Directors are entitled for reimbursement of expenses incurred in discharge of their duties. Payment of Remuneration to Nominee Directors shall be governed by the agreement with the Financial Institution/Bank appointing the Nominee Director and by the Articles of Association of the Company.

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

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

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

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

Managing Director/Executive Directors

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

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

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

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

Remuneration for Managing Director/Executive Director is designed subject to the limits laid down under the Companies Act, 2013 to remunerate them fairly and responsibly. The remuneration to the Managing Director/Executive Director comprises of salary, perquisites and performance based incentive apart from retirement benefits like Provident Fund, Superannuation, Gratuity, Leave Encashment etc., as per the Rules of the Company. Salary is paid within the range approved by the Shareholders. Increments are effective annually, as recommended / approved by the NRC/ Board. In terms of the shareholders' approval, the Commission may be paid to Managing Director in any Financial Year at a rate not exceeding 1/4% (one fourth percent) per annum of the profits of the Company computed in accordance with the applicable provisions of the Companies Act, 2013 as may be recommended by the NRC and approved by the Board.

The total remuneration will have a flexible component with a bouquet of allowances to enable the Managing Director/Executive Director to choose the allowances as well as the quantum based on laid down limits as per the Company policy. The flexible component can be varied only once annually.

The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal year to arrive at the BSC rating of the business and performance rating of the individual.

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

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

Disclosures

Information on the total remuneration of members of the Company's Board of Directors, Managing Director/Executive Directors and Key Managerial Personnel/Senior Management Personnel may be disclosed in the Board's Report as per statutory requirements laid down in this regard.

REMUNERATION POLICY FOR KEY MANAGERIAL PERSONNEL AND EMPLOYEES

This Policy shall be effective from the financial year 2014 - 15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Definition(s)

"Key Managerial Personnel" (KMP) as defined in section 2(51) of the Companies Act, 2013 means:

- (i) the Chief Executive Officer or the Managing Director or Manager;
- (ii) the Company Secretary;
- (iii) the Whole-time Director;
- (iv) the Chief Financial Officer; and
- (v) such other officer as may be prescribed.

Standard

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

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

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Increments

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

For and on behalf of the Board

Sd/-
Ramesh Iyer
Chairman

Mumbai, 17th April, 2017

MAHINDRA RURAL HOUSING FINANCE LIMITED

ANNEXURE III TO THE BOARD'S REPORT

SECRETARIAL AUDIT REPORT

[Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]
For the Financial Year ended 31st March, 2017

To,

The Members

Mahindra Rural Housing Finance Limited

Mahindra Towers, P.K. Kurne Chowk, Worli,

Mumbai- 400 018.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra Rural Housing Finance Limited** (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on 31st March, 2017 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, 2017 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).

MAHINDRA RURAL HOUSING FINANCE LIMITED

- (vii) The National Housing Bank Act, 1987.
- (viii) The Housing Finance Companies (NHB) Directions, 2010.
- (ix) The Housing Finance Companies Issuance of Non-Convertible Debentures on Private Placement basis (NHB) Directions, 2014.

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

- (i) the Secretarial Standards 1 & 2 issued by The Institute of Company Secretaries of India.
- (ii) Listing Agreement for debt securities entered into with 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, 2009.
- b) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

We further report that

The Board of Directors of the Company is duly constituted with the proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There is no change in the composition of the Board of Directors during the period covered under the Audit.

Adequate notice and detailed notes on Agenda was given to all Directors at least seven days in advance to schedule the Board Meetings. There exist a system for seeking and obtaining further information and clarifications on the Agenda items before the Meeting and for meaningful participation at the Meeting.

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

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

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

- a) During the year under review, the Company has raised an amount of Rs. 122.00 crores by issue of 1220 Unsecured Subordinated Redeemable Non-Convertible Debentures (NCDs) of Rs. 10,00,000 each for cash at par on a Private Placement basis.

MAHINDRA RURAL HOUSING FINANCE LIMITED

The Company has also raised an amount of Rs. 463.50 crores by issue of 4635 Secured Subordinated Redeemable Non-Convertible Debentures (NCDs) of Rs. 10,00,000 each for cash at par on a Private Placement basis, including zero coupon bond.

- b) During the year the Company has issued and allotted 1,94,02,985 Equity Shares of Rs.10 each for cash at a premium of Rs.57 per Equity Share on a rights basis, aggregating to Rs. 129,99,99,995 /-.

Date: 7th April, 2017

For KSR & Co Company Secretaries LLP

Place: Coimbatore

Sd/-
C.V.Madhusudhanan
Partner
(FCS: 5367; CP: 4408)

KSR/CBE/M179/024/2017-18

7th April, 2017

To

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

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

MAHINDRA RURAL HOUSING FINANCE LIMITED

5. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Date: 7th April, 2017

For KSR & Co Company Secretaries LLP

Place: Coimbatore

Sd/-
C.V. Madhusudhanan
Partner

MAHINDRA RURAL HOUSING FINANCE LIMITED

ANNEXURE IV TO THE BOARD'S REPORT

Form No. MGT-9

Extract of Annual Return as on the financial year ended on 31st March, 2017

[Pursuant to section 92(3) and Rule 12(1) of the
Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i.	CIN	U65922MH2007PLC169791
ii.	Registration Date	9 th April, 2007
iii.	Name of the Company	Mahindra Rural Housing Finance Limited
iv.	Category / Sub-Category of the Company	Public Limited Company
v.	Address of the Registered office and contact details	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018. Tel.: +91 22 6652 3500 Fax: +91 22 2497 2741 E-mail: customercare.mrhfl@mahfin.com Website: www.mahindrahomefinance.com
vi.	Whether listed company Yes / No	Yes. As per Section 2 (52) of the Companies Act, 2013, the Company is considered as a listed Company as its Non-Convertible Debentures (NCDs) are listed on the BSE Limited.
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Unit : Mahindra Rural Housing Finance Limited Karvy Selenium Tower B, Plot No 31 & 32 Gachibowli, Financial District, Nanakramguda, Serilingampally Hyderabad – 500 032. Email : einward.ris@karvy.com Tel. No.: 040 67162222 Toll Free No.: 1800-345-4001 Fax No. : 040 23001153.

MAHINDRA RURAL HOUSING FINANCE LIMITED

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Housing Finance	65923	100.0

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

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Category of shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
ADRs									
Grand Total (A+B+C)	6,57,37,125	99,92,056	7,57,29,181	100.00	9,51,32,154	12	9,51,32,166	100.00	0.00

MAHINDRA RURAL HOUSING FINANCE LIMITED

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total shares	
1.	Mahindra & Mahindra Financial Services Limited	6,62,63,031	87.50	Nil	8,32,40,643	87.50	Nil	0.00
2.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Ramesh Iyer	2	0.00	Nil	2	0.00	Nil	0.00
3.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Venkatraman Ravi	2	0.00	Nil	2	0.00	Nil	0.00
4.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Ravi Kulkarni	2	0.00	Nil	2	0.00	Nil	0.00
5.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Anuj Mehra	2	0.00	Nil	2	0.00	Nil	0.00
6.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Rajesh Vasudevan	2	0.00	Nil	2	0.00	Nil	0.00
7.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Dinesh Prajapati	2	0.00	Nil	2	0.00	Nil	0.00
	TOTAL	6,62,63,043	87.50	Nil	8,32,40,655	87.50	Nil	0.00

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

Particulars	Shareholding at the beginning of the year (As on 1 st April, 2016)		Cumulative Shareholding during the year (from 1 st April, 2016 to 31 st March, 2017)	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
Mahindra & Mahindra Financial Services Limited alongwith joint holders				
At the beginning of the year	6,62,63,043	87.50	6,62,63,043	87.50
Date wise increase / decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	<p>On 16th March, 2017, 1,69,77,612 Equity Shares of Rs. 10 each at a premium of Rs. 57 per Equity Share were allotted on a Rights basis to Mahindra & Mahindra Financial Services Limited.</p> <p>Increase in shareholding of Promoters is on account of allotment of Equity Shares on a Rights basis, as mentioned above.</p>			
At the end of the year (as on 31 st March, 2017)	8,32,40,655	87.50	8,32,40,655	87.50

MAHINDRA RURAL HOUSING FINANCE LIMITED

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

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (as on 1 st April, 2016)		Cumulative Shareholding during the year (from 1 st April, 2016 to 31 st March, 2017)	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
National Housing Bank				
At the beginning of the year (as on 1 st April, 2016)	94,66,138	12.50	94,66,138	12.50
Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	On 16 th March, 2017, 24,25,373 Equity Shares of Rs. 10 each at a premium of Rs. 57 per Equity Share were allotted on a Rights basis to National Housing Bank. Increase in shareholding of National Housing Bank is on account of allotment of Equity Shares on a Rights basis, as mentioned above.			
At the end of the year (as on 31 st March, 2017)	94,66,138	12.50	1,18,91,511	12.50

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the directors and KMP	Shareholding at the beginning of the year (As on 1 st April, 2016)		Cumulative Shareholding during the year (from 1 st April, 2016 to 31 st March, 2017)	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Mr. Ramesh Iyer - Chairman (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year (as on 1 st April, 2016)	2	0.00	2	0.00

MAHINDRA RURAL HOUSING FINANCE LIMITED

Sl. No.	For each of the directors and KMP	Shareholding at the beginning of the year (As on 1 st April, 2016)		Cumulative Shareholding during the year (from 1 st April, 2016 to 31 st March, 2017)	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	No change			
	At the end of the year (as on 31 st March, 2017)	2	0.00	2	0.00
2.	Mr. V. Ravi - Director (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year(as on 1 st April, 2016)	2	0.00	2	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	No change			
	At the end of the year (as on 31 st March, 2017)	2	0.00	2	0.00
3.	Mr. K. Chandrasekar – Director				
	At the beginning of the year(as on 1 st April, 2016)	Nil	0.00	Nil	0.00
	Date wise increase / decrease in shareholding during the year specifying	No change			

MAHINDRA RURAL HOUSING FINANCE LIMITED

Sl. No.	For each of the directors and KMP	Shareholding at the beginning of the year (As on 1 st April, 2016)		Cumulative Shareholding during the year (from 1 st April, 2016 to 31 st March, 2017)	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
	At the end of the year (as on 31 st March, 2017)	Nil	0.00	Nil	0.00
4.	Mr. K. Chakravarthy – Director (Nominee of National Housing Bank)				
	At the beginning of the year(as on 1 st April, 2016)	Nil	0.00	Nil	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	No change			
	At the end of the year (as on 31 st March, 2017)	Nil	0.00	Nil	0.00
5.	Mr. Nityanath Ghanekar – Director				
	At the beginning of the year(as on 1 st April, 2016)	Nil	0.00	Nil	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	No change			

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Sl. No.	For each of the directors and KMP	Shareholding at the beginning of the year (As on 1 st April, 2016)		Cumulative Shareholding during the year (from 1 st April, 2016 to 31 st March, 2017)	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the end of the year (as on 31 st March, 2017)	Nil	0.00	Nil	0.00
6.	Mrs. Anjali Raina – Director				
	At the beginning of the year(as on 1 st April, 2016)	Nil	0.00	Nil	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	No change			
	At the end of the year (as on 31 st March, 2017)	Nil	0.00	Nil	0.00
7.	Mr. Anuj Mehra – Managing Director, Key Managerial Personnel (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year(as on 1 st April, 2016)	2	0.00	2	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	No change			
	At the end of the year (as on 31 st March, 2017)	2	0.00	2	0.00

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Sl. No.	For each of the directors and KMP	Shareholding at the beginning of the year (As on 1 st April, 2016)		Cumulative Shareholding during the year (from 1 st April, 2016 to 31 st March, 2017)	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
8.	Dr. Narendra Mairpady – Director				
	At the beginning of the year(as on 1 st April, 2016)	Nil	0.00	Nil	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	No change			
	At the end of the year (as on 31 st March, 2017)	Nil	0.00	Nil	0.00
9.	Mr. Dharmesh Vakharia – Chief Financial Officer, Key Managerial Personnel				
	At the beginning of the year(as on 1 st April, 2016)	Nil	0.00	Nil	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	No change			
	At the end of the year (as on 31 st March, 2017)	Nil	0.00	Nil	0.00

MAHINDRA RURAL HOUSING FINANCE LIMITED

Sl. No.	For each of the directors and KMP	Shareholding at the beginning of the year (As on 1 st April, 2016)		Cumulative Shareholding during the year (from 1 st April, 2016 to 31 st March, 2017)	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
10.	Mr. Navin Joshi– Company Secretary (Appointed as the Company Secretary with effect from 14 th July, 2016)				
	At the beginning of the year(as on 1 st April, 2016)	Nil	0.00	Nil	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	No change			
	At the end of the year (as on 31 st March, 2017)	Nil	0.00	Nil	0.00
11.	Ms. Arnavaz M. Pardiwalla – Company Secretary (Ceased to be the Company Secretary with effect from 14 th July, 2016)				
	At the beginning of the year(as on 1 st April, 2016)	Nil	0.00	Nil	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	No change			
	At the end of the year (as on 31 st March, 2017)	Nil	0.00	Nil	0.00

MAHINDRA RURAL HOUSING FINANCE LIMITED

V. INDEBTEDNESS –

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

Amount in Rs. Lakhs

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year				
i) Principal Amount	2,31,056.01	35,611.50	NIL	2,66,667.51
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	923.45	1,053.55	NIL	1,977.00
Total (i+ii+iii)	2,31,979.46	36,665.05	NIL	2,68,644.51
Change in Indebtedness during the Financial Year				
Addition	5,24,002.63	2,31,364.41	NIL	7,55,367.04
Reduction	4,32,331.59	2,06,965.05	NIL	6,39,296.64
Net Change	91,671.04	24,399.36	NIL	1,16,070.40
Indebtedness at the end of the Financial Year				
i) Principal Amount	321,705.76	59,450.00	NIL	381,155.76
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	1,944.74	1,614.41	NIL	3,559.15
Total (i+ii+iii)	3,23,650.50	61,064.41	NIL	3,84,714.91

MAHINDRA RURAL HOUSING FINANCE LIMITED

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Amount in Rs. Lakhs

Sl. no.	Particulars of Remuneration	Name of MD/WTD/Manager
		Mr. Anuj Mehra, Managing Director
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	143.14 48.70* NIL
2.	Stock Option	NIL
3.	Sweat Equity	NIL
4.	Commission - as % of profit - others	NIL NIL
5.	Others (medical reimbursement)	0.15
	Total (A)	191.99
	Ceiling as per the Act	5% of the Net Profits equivalent to Rs. 949.53 Lakhs with respect to the ceiling for the Company applicable for the financial year covered by this Report.

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

MAHINDRA RURAL HOUSING FINANCE LIMITED

B. REMUNERATION TO OTHER DIRECTORS:

Amount in Rs. Lakhs

Sl. no.	Particulars of Remuneration	Names of Directors				Total Amount
1.	Independent Directors	Mr. Nityanath Ghanekar		Mrs. Anjali Raina	Dr. Narendra Mairpady	
	Fee for attending Board / Committee Meetings	2.60		3.70	2.50	8.80
	Commission	5.00		5.00	5.00	15.00
	Other	NIL		NIL	NIL	NIL
	Total (1)	7.60		8.70	7.50	23.80
2.	Other Non-Executive Directors	Mr. Ramesh Iyer	Mr. K. Chandrasekar	Mr. K. Chakravarthy	Mr. V. Ravi	Total Amount
	Fee for attending Board / Committee Meetings	NIL	NIL	NIL	NIL	NIL
	Commission	NIL	NIL	NIL	NIL	NIL
	Others	NIL	NIL	NIL	NIL	NIL
	Total (2)	NIL	NIL	NIL	NIL	NIL
	Total (B)=(1+2)					23.80
	Overall Ceiling as per the Act (%)	1 % of the Net Profits equivalent to Rs. 189.91 Lakhs with respect to the ceiling for the Company applicable for the financial year covered by this Report.				
	Total Managerial Remuneration (A+B)					215.79

MAHINDRA RURAL HOUSING FINANCE LIMITED

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

Amount in Rs. Lakhs

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Chief Financial Officer (Mr. Dharmesh Vakharia)	Company Secretary	Total Amount
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	72.66	9.75	82.41
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	12.72 ⁽¹⁾	NIL	12.72 ⁽¹⁾
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission - as % of profit - others	NIL	NIL	NIL
5.	Others (medical reimbursement)	0.15	NIL	0.15
	Total	85.53	9.75⁽²⁾	95.28

(1) Includes perquisite value of Stock options granted by Mahindra & Mahindra Financial Services Limited (Holding Company).

(2) Secretarial function covered under cost sharing agreement with Mahindra & Mahindra Financial Services Limited (Holding Company).

MAHINDRA RURAL HOUSING FINANCE LIMITED

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES :

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give details)
A. COMPANY		N. A.			
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board

Sd/-
Ramesh Iyer
Chairman

Mumbai, 17th April, 2017

MAHINDRA RURAL HOUSING FINANCE LIMITED

ANNEXURE V TO THE BOARD'S REPORT

The particulars in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under sub-section (3) (m) of Section 134 of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014.

(A) Conservation of Energy

(i) The steps taken or impact on conservation of energy :

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

(ii) The steps taken by the Company for utilizing alternate sources of energy:

The operations of your Company are not energy intensive.

(iii) The capital investment on energy conservation equipments: Nil

(B) Technology Absorption

(i) The efforts made towards technology absorption : Not Applicable

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution : Not Applicable

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year): Not Applicable

(a) Details of Technology Imported

(b) Year of Import

(c) Whether the Technology been fully absorbed

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof

(iv) Your Company has not incurred any expenditure on Research and Development during the year under review.

(C) Foreign Exchange Earnings and Outgo

The information on Foreign Exchange Outgo is furnished in the Notes to Accounts. There were no Foreign Exchange Earnings during the year under consideration.

For and on behalf of the Board

Sd/-
Ramesh Iyer
Chairman

Mumbai, 17th April, 2017

MAHINDRA RURAL HOUSING FINANCE LIMITED

ANNEXURE VI TO THE BOARD'S REPORT

Policy on Related Party Transactions

1. Prelude

Mahindra Rural Housing Finance Limited (MRHFL) is a Housing Finance company registered with the National Housing Bank, and is engaged in providing home loans primarily in rural and semi-urban areas. As part of its business activities, the Company deals with entities which are related parties.

The Companies Act, 2013 ("the Act") places a lot of emphasis on Related Party Transactions. Provisions of the Act along with the relevant Rules governing Related Party Transactions have come into effect from April 1, 2014.

Section 177(4) of the Act deals with approval or any subsequent modification of transactions of the Company with related parties by the Audit Committee.

All Related Party Transactions pursuant to section 188 of the Act which are not in the ordinary course of business and / or not on an Arms' length basis require prior approval of the Board and if such transactions cross the threshold limits prescribed under the Act, such transactions also require the approval of shareholders of the Company by ordinary resolution and the Related Parties with whom transactions are being entered shall abstain from voting on such resolution(s).

It also requires specified related party transactions to be disclosed in the Board's Report along with the justification for entering into such transactions.

As per the requirements of Notification No. NHB. HFC.CG-DIR.1/MD&CEO/2016 issued by the National Housing Bank (NHB) vide which the NHB notified the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, the company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.

2. Intent of the Policy

The Objective of this policy is to set out (a) the materiality thresholds for related party transactions and (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, and any other laws and regulations as may be applicable to the Company; and (c) lay down the guiding principles and mechanism to ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders.

MAHINDRA RURAL HOUSING FINANCE LIMITED

3. Applicability and Legal Framework

This Policy on Related Party Transactions shall be governed by the Act read with Rules made thereunder, as may be in force from time to time and regulations, if any, of NHB in this regard. Any references to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other statutory provisions (whether before or after the date hereof) from time to time and shall include any provisions of which they are re-enactments (whether with or without modification).

4. Definitions

- (i) **“Arm’s Length basis”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. [Explanation (b) to Section 188(1) of the Act].
- (ii) **“Associate Company”** shall be as defined in the Act and the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.
- (iii) **“Audit Committee”** means the Audit Committee constituted by the Board of Directors of the Company in accordance with section 177 of the Act.
- (iv) **“Board of Directors”** or **“Board”** means the Board of Directors of MRHFL, as constituted from time to time.
- (v) **“Company”** or **“MRHFL”** means Mahindra Rural Housing Finance Limited.
- (vi) **“Control”** shall have the same meaning as defined in the Act.
- (vii) **“Key Managerial Personnel** in relation to a Company, shall be as defined in the Act.
- (viii) **“Ordinary course of business”** would include usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and all such activities which the Company can undertake as per its Memorandum and Articles of Association.
- (ix) **“Related Party”**, for the purpose of this Policy, with reference to the Company, shall mean a Related Party as defined in Section 2(76) of the Act.
- (x) **“Related Party Transaction”** means specified transaction mentioned in clause (a) to (g) of sub-section (1) of Section 188 of the Act.
- (xi) **“Relatives”** with reference to any person shall have the meaning as defined in Section 2(77) of the Act read with Clause 4 of The Companies (Specification of Definition details) Rules, 2014 from time to time.

MAHINDRA RURAL HOUSING FINANCE LIMITED

- (xii) A **"transaction"** with a related party shall be construed to include single transaction or a group of transactions in a contract.

Any other term not defined herein shall have the same meaning as defined in the Act, the Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

5. Policy on Related Party Transactions

All Related Party Transactions (before being entered into) must be reported to the Audit Committee for its approval in accordance with this Policy.

The Audit Committee shall periodically review this Policy and may recommend amendments to this Policy from time to time as it deems appropriate.

5.1 Identification of potential related parties and transactions

Every Director and Key Managerial Personnel will be responsible for providing a declaration containing the following information to the Company Secretary on an annual basis and whenever there is a change in the information provided:

1. Names of his / her Relatives;
2. Partnership firms in which he / she or his / her Relative is a partner;
3. Private Companies in which he / she or his / her relative is a member or Director;
4. Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;
5. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions; and
6. Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).

Each director and Key Managerial Personnel is responsible for providing Notice to the Company Secretary of any potential Related Party Transaction, including any additional information about the transaction that the Board/Audit Committee may request, for being placed before the Audit Committee and the Board.

It will be the responsibility of the Directors and KMPs to keep the Company updated immediately if there is a change in any of the declarations provided at the beginning of the year.

MAHINDRA RURAL HOUSING FINANCE LIMITED

5.2 Approval of Related Party Transactions

5.2.1 Prior approval of Audit Committee

All Related Party Transactions of the Company, as prescribed under the Act, shall require prior approval of Audit Committee, whether at a meeting or by way of a Resolution by circulation.

The approval of the Audit Committee will be sought in the following manner:

- a) All Related Party Transactions will be submitted to the Audit Committee for prior approval irrespective of whether such transactions are in the ordinary course of business and / or at arm's length or not.
- b) Where the Company has entered into a master agreement with a related party, which stipulates details of every transaction like nature of the transaction, basis of pricing, credit terms etc., the prior approval once given by the Audit Committee would suffice and Audit Committee would only note the transactions that are entered into pursuant to such master agreement and will not require any further approval of the Audit Committee unless there is any change in the terms of the master agreement.

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- a) The Audit Committee shall, after obtaining the approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b) The criteria for making the omnibus approval shall include the following which shall be approved by the Board:-
 - i. Maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year.
 - ii. The maximum value per transaction which can be allowed.
 - iii. Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval.
 - iv. Review, at such interval as the Audit Committee may deem fit, of the related party transaction entered into by the Company pursuant to each of the omnibus approval made.
 - v. Transactions which cannot be subject to the omnibus approval by the Audit Committee.

MAHINDRA RURAL HOUSING FINANCE LIMITED

The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:-

- a. Repetitiveness of the transactions (in past or in future)
- b. Justification for the need of omnibus approval.
- c) The Audit Committee shall satisfy itself on the need for omnibus approval and that such approval is in the interest of the Company;
- d) Such omnibus approval shall specify (i) the name/s of the related party/ies (ii) nature and duration of transaction /period of transaction (iii) maximum amount of transaction that can be entered into (iv) the indicative base price/current contracted price and the formula for variation in the price if any and (v) such other conditions as the Audit Committee may deem fit.

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. one crore per transaction.

The Audit Committee shall review on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.

Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of one financial year.

Such omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

Any member of the Audit Committee who has a potential interest in any Related Party Transaction will not remain present at the Meeting when such Related Party Transaction is considered.

prior approval of the Audit Committee and Approval of the Shareholders for all Related Party Transactions shall not be applicable for transactions entered into between a holding company and its wholly-owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

5.2.2. Prior approval of Board of Directors under the Act

Transactions with the related parties within the scope of Section 188 of the Act, which are either not in the Ordinary Course of Business or are not at Arm's Length basis or both shall require prior approval of the Board of Directors.

MAHINDRA RURAL HOUSING FINANCE LIMITED

Where any Director is interested in any contract or arrangement with a related party, such Director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

5.2.3 Shareholders' approval requirements:

If the following transactions are likely to exceed the thresholds prescribed under the Act, the same will require prior approval of the Board of Directors and the Shareholders:

- a) Not in the ordinary course of business but at arm's length; or
- b) In the ordinary course of business but not at arm's length; or
- c) Not in the ordinary course of business and not at arm's length basis.

No member of the Company shall vote on Ordinary Resolution if such a member is a related party in the context of the contract or arrangement which is being considered under the Act.

Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by an Ordinary Resolution in the general meeting under sub-section (1) and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it (Section 188).

Approval of the shareholders in case of the transactions of which the value crosses the threshold limits prescribed under the Act, shall not be applicable for transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

6. Disclosures

- a) This policy shall be hosted on the Company's website at www.mahindrahomefinance.com and also disclosed in the Annual Report.
- b) The Annual Report shall contain details of all transactions with related parties.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Mahindra Rural Housing Finance Limited** ("the Company"), which comprise the balance sheet as at March 31, 2017, and the statements of profit and loss and cash flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, and its profit and its cash flows for the period from April 1, 2016 to March 31, 2017.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
10. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. on the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.

- f. with respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.
- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 14 to the financial statements.
 - ii. The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses that need provision.
 - iii. During the year, there were no amounts which were required to be transferred by the Company to the Investor Education and Protection Fund.
- iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that disclosures are in accordance with books of account maintained by the company and as prescribed by the management – Refer Note [2.15].

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

Shirish Rahalkar
Partner
Membership Number 111212

Mumbai, April 17, 2017

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements of **Mahindra Rural Housing Finance Limited** for the year ended March 31, 2017.

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

State Insurance, Income tax, Service Tax, duty of customs and Value Added Tax and other material statutory dues that were outstanding, at the year-end for a period of more than six months from the date they became payable.

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

Name of Statute	Nature of dues	Amt in Rs.	Period to which amount relates	Forum where pending
Income Tax Act, 1961	Income Tax	37,75,670	A.Y. 2012-13	CIT(A)
Income Tax Act, 1961	Income Tax	5,41,775	A.Y. 2013-14	CIT(A)
Income Tax Act, 1961	Income Tax	22,54,929	A.Y. 2014-15	CIT(A)

- VIII. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not defaulted in repayment of any dues from financial institution or bank or debenture holders as at the Balance Sheet date.
- IX. In our opinion and according to the information and explanations given to us, during the year, the term loans were applied for the purposes for which they were obtained. During the year, there were no moneys raised by way of initial public offer or further public offer.
- X. Except for 28 cases of frauds aggregating Rs.36.04 Lacs which were noticed by the management and informed to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the Management.
- XI. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has paid or provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- XII. The Company is not a 'Nidhi Company', therefore, para 3(xii) of the Order is not applicable to the Company.
- XIII. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit, therefore, para 3(xiv) of the Order is not applicable to the company.

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

XVI. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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

Shirish Rahalkar
Partner
Membership Number 111212

Mumbai, April 17, 2017

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

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

We have audited the internal financial controls over financial reporting of **Mahindra Rural Housing Finance Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Shirish Rahalkar
Partner
Membership Number 111212

Mumbai, April 17, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

Particulars	Note No.	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
I. EQUITY & LIABILITIES			
1) Shareholders' funds			
a) Share Capital.....	1	9,513.22	7,572.92
b) Reserves and Surplus.....	2	38,074.99	20,003.78
		<u>47,588.21</u>	<u>27,576.70</u>
2) Non-Current Liabilities			
a) Long Term Borrowings.....	3	244,049.75	204,106.47
b) Long Term Provisions	4	6,279.52	3,491.23
		<u>250,329.27</u>	<u>207,597.70</u>
3) Current Liabilities			
a) Short Term Borrowings	5	62,729.30	36,649.45
b) Trade Payables.....	6		
i) Micro & Small Enterprises.....		-	-
ii) Other than Micro and Small Enterprises		3,400.50	2,012.11
c) Other Current Liabilities	7	118,745.55	51,086.63
d) Short Term Provisions.....	8	8,695.82	5,201.38
		<u>193,571.17</u>	<u>94,949.57</u>
TOTAL		<u><u>491,488.65</u></u>	<u><u>330,123.97</u></u>
II. ASSETS			
1) Non-Current Assets			
a) Fixed Assets	9		
i) Tangible Assets.....		1,526.36	1,046.06
ii) Intangible assets.....		32.53	-
iii) Capital work-in-progress.....		6.58	-
b) Deferred Tax Assets (Net).....	10	1,408.39	583.89
c) Long Term Loans and Advances	11	364,996.50	247,715.80
		<u>367,970.36</u>	<u>249,345.75</u>
2) Current Assets			
a) Cash and Cash Equivalents	12	1,622.45	1,127.21
b) Short Term Loans and Advances	13	121,895.84	79,651.01
		<u>123,518.29</u>	<u>80,778.22</u>
TOTAL		<u><u>491,488.65</u></u>	<u><u>330,123.97</u></u>
Summary of significant accounting policies and notes to the financial statements		I & II	

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

For B. K. KHARE & CO.
Chartered Accountants
(Firm Registration No.: 105102W)

Ramesh Iyer
Chairman

Nityanath Ghanekar
Director

Anjali Raina
Director

V. Ravi
Director

Shirish Rahalkar
Partner
Membership no. 111212

K. Chakravarthy
Director

K. Chandrasekar
Director

M. Narendra
Director

Anuj Mehra
Managing Director

Place: Mumbai
Date: 17th April 2017

Navin Joshi
Company Secretary

Dharmesh Vakharia
Chief Financial Officer

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	Note No.	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
I. Revenue from Operations	15	70,333.57	49,536.90
II. Other Income	16	3.32	7.83
III. Total Revenue (I + II)		70,336.89	49,544.73
IV. Expenses:			
Employee Benefits Expense	17	12,847.83	9,218.31
Finance Costs	18	29,794.38	21,332.05
Depreciation and Amortization Expense	19	528.04	343.34
Loan Provisions and Write Offs	20	7,125.55	3,873.47
Other Expenses	21	7,350.83	5,107.92
Total Expenses		57,646.63	39,875.09
V. Profit Before Tax (III - IV)		12,690.26	9,669.64
VI. Tax expense:			
(1) Current Tax		5,260.00	3,818.00
(2) Deferred Tax		(824.50)	(488.29)
(3) (Excess)/Short Provision for Income Tax - earlier years.....		(45.79)	71.90
		4,389.71	3,401.61
VII. Profit/(Loss) for the year (V - VI)		8,300.55	6,268.03
VIII. Earnings per Equity Share (Rupees): (Face value - Rs. 10/- per share)			
(1) Basic		10.84	9.53
(2) Diluted.....		10.84	9.53
Summary of significant accounting policies and notes to the financial statements	I & II		

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

For B. K. KHARE & CO.
Chartered Accountants
(Firm Registration No.: 105102W)

Ramesh Iyer
Chairman

Nityanath Ghanekar
Director

Anjali Raina
Director

V. Ravi
Director

Shirish Rahalkar
Partner
Membership no. 111212

K. Chakravarthy
Director

K. Chandrasekar
Director

M. Narendra
Director

Anuj Mehra
Managing Director

Place: Mumbai
Date: 17th April 2017

Navin Joshi
Company Secretary

Dharmesh Vakharia
Chief Financial Officer

CASH FLOW STATEMENT AS AT 31ST MARCH, 2017

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes and contingencies and exceptional items.....	12,690.26	9,669.64
Add/(Less) : Adjustment for:		
Depreciation and amortisation expenses.....	528.04	343.34
Loss/(profit) on sale of fixed assets	1.25	4.13
Provision for Non Performing Assets	5,537.93	3,112.64
General Provision for Standard Assets	545.36	422.75
Operating profit before working capital changes	19,302.84	13,552.50
Less: (Increase)/decrease in loans and advances	(159,254.27)	(117,127.48)
Add : Increase in current liabilities	20,789.75	9,786.92
Cash generated from/(used in) operations	(119,161.68)	(93,788.06)
Advance taxes paid	(5,222.33)	(3,963.31)
Net Cash Generated from/(Used In) Operating Activities (A)	(124,384.01)	(97,751.37)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets/Software.....	(1,330.77)	(785.05)
Sale of fixed assets	10.81	8.76
Net Cash Generated from/(Used In) Investing Activities (B)	(1,319.96)	(776.29)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Shares (net of issue expenses).....	12,987.00	3,992.82
Proceeds from long-term borrowings.....	115,800.00	80,700.00
Repayment of long-term borrowings.....	(27,391.60)	(17,524.83)
Increase/(Decrease) in short-term borrowings (net)	26,079.85	32,525.21
Dividend paid on equity shares	(1,060.21)	(854.58)
Tax on equity dividend paid.....	(215.83)	(173.99)
Net Cash Generated from/(Used In) Financing Activities (C)	126,199.21	98,664.63
Net increase/(decrease) in cash and cash equivalents (A + B + C)	495.24	136.97
Cash and cash equivalents at the beginning of the year.....	1,127.21	990.24
Cash and cash equivalents at the end of the year (Refer Note no. 12).....	1,622.45	1,127.21

Note : The above Cash Flow Statement has been prepared under the 'Indirect method' as set out in Accounting Standard-3 'Cash Flow Statement'

For B. K. KHARE & CO.
Chartered Accountants
(Firm Registration No.: 105102W)

Ramesh Iyer
Chairman

Nityanath Ghanekar
Director

Anjali Raina
Director

V. Ravi
Director

Shirish Rahalkar
Partner
Membership no. 111212

K. Chakravarthy
Director

K. Chandrasekar
Director

M. Narendra
Director

Anuj Mehra
Managing Director

Place: Mumbai
Date: 17th April 2017

Navin Joshi
Company Secretary

Dharmesh Vakharia
Chief Financial Officer

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

Note I

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31st, 2017.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1.1 Basis for preparation of financial statements

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

All assets and liabilities have been classified as current and non – current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current – noncurrent classification of assets and liabilities.

Further, the Company follows prudential norms for Income Recognition, Assets classification and provisioning for Non-performing Assets as well as contingency provision for Standard Assets as prescribed by The National Housing Bank for Housing Finance Companies.

1.2 Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

1.3 REVENUE RECOGNITION

a. General

The Company follows the accrual method of accounting for its income and expenditure except delayed payment charges, service charges and fee based income which on account of uncertainty of ultimate collection are accounted on receipt basis.

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

b. Income from Loans

- i. Interest Income from loan transactions is accounted for by applying the interest rate implicit in such contracts.
- ii. Service charges and documentation charges and other fees on loan transactions are recognized at the commencement of the contract.

c. Income from Investments

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

1.4 FIXED ASSETS, DEPRECIATION AND AMORTIZATION

a. Tangible Assets

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

b. Depreciation on Tangible Assets

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

- i. Vehicles used by employees are depreciated over the maximum period of 48 months based on the useful life of vehicle for the Company.
- ii. Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.

c. Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any.

d. Amortization of Intangible assets

Intangible assets comprises of computer software which is amortized over the estimated useful life. The maximum period for such amortization is taken as 36 months based on management's estimates of useful life.

1.5 Foreign exchange transactions and translations:

a. Initial recognition:

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

b. Conversion

- i. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.
- ii. Non-monetary items, which are measured in terms of historical Cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

c. Exchange differences

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

- i. Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of profit and loss.
- ii. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.

1.6 INVESTMENTS

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

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

1.7 LOAN AGAINST ASSETS

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

1.8 SHARE ISSUE EXPENSES

Expenses incurred in connection with fresh issue of share capital are adjusted against Securities premium reserve in the year in which they are incurred.

1.9 LEASE

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

1.10 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

1.11 CURRENT AND DEFERRED TAX

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

1.12 EMPLOYEE BENEFITS

a. Contribution to provident fund

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

b. Gratuity

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

c. Superannuation

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

d. Leave encashment/compensated absences/sick leave

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

1.13 BORROWING COST

Borrowing costs are charged to the Statement of profit and loss. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortized over the tenure of the respective borrowings.

1.14 IMPAIRMENT OF ASSETS

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor.

1.15 PROVISIONS FOR NON PERFORMING ASSETS (NPA)

Housing loans are classified into "Performing" and "Non Performing" assets in terms of guidelines laid down by the National Housing Bank. The provisioning policy of the Company covers the minimum provisioning required as per the NHB guidelines.

1.16 PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Note 1

Share Capital:

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
Authorised Capital:		
100,000,000 Equity shares of Rs. 10/- each	10,000.00	10,000.00
Issued Capital:		
95,132,166 Equity shares of Rs.10/- each (Previous Period 75,729,181 Equity shares of Rs.10/- each fully paid up)	9,513.22	7,572.92
Subscribed and Paid-up Capital:		
95,132,166 Equity shares of Rs.10/- each fully paid up (Previous Period 75,729,181 Equity shares of Rs.10/- each fully paid up)	9,513.22	7,572.92
Total	9,513.22	7,572.92

Other quantitative information:

Particulars	March 2017	March 2016
a) Reconciliation of Number of Equity Shares :		
Balance at the beginning of the year	75,729,181	65,737,137
Issue of Rights Shares	19,402,985	9,992,044
Balance at the end of the period	95,132,166	75,729,181
b) Reconciliation of Equity Shares - in Value		
Balance at the beginning of the year (Equity Share 19,402,985 @ Rs. 10/- Each)	7,572.92	6,573.71
In previous year issue made for Right Shares (Equity Share 9,992,044 @ Rs. 10/- Each)	1,940.30	999.21
Balance at the end of the period	9,513.22	7,572.92

Particulars	March 2017	March 2016
c) Number of Equity Shares held by holding company or ultimate holding company including shares held by its subsidiaries/associates -		
Holding Company: Mahindra & Mahindra Financial Services Limited (including 6 shares held jointly with nominees)	83,240,655	66,263,043
Percentage of Holding (%)	87.50%	87.50%
d) Shareholders Holding more than 5% Shares:		
Mahindra & Mahindra Financial Services Limited	83,240,655	66,263,043
Percentage of holding (%)	87.50%	87.50%
National Housing Bank	11,891,511	9,466,138
Percentage of holding (%)	12.50%	12.50%

e) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10/- 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.

Note 2
Reserves and Surplus:

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
Securities Premium Reserve:		
Balance as at the beginning of the year	5,992.03	2,998.42
Add : Received during the year on account of fully paid up shares	11,059.70	2,997.61
Less : Deduction during the year in respect of shares issue expenses	13.00	4.00
Net balance as at the end of the year	17,038.73	5,992.03
Statutory Reserve:		
(As per Section 29C of the National Housing Bank Act, 1987) {refer note no 22}		
Balance as at the beginning of the year	5,879.93	3,554.93
Add : Transfer from surplus in the Statement of Profit and Loss	3,325.00	2,325.00
Less: Deduction during the year	-	-
Balances as at the end of the year	9,204.93	5,879.93
General Reserve :		
Balance as at the beginning of the year	290.00	290.00
Add : Transfer from surplus in the Statement of Profit and Loss	-	-
Less: Deduction during the year	-	-
Balances as at the end of the year	290.00	290.00
Surplus in Statement of Profit and Loss :		
Balance as at the beginning of the year	7,841.82	3,898.79
Add : Profit for the current period transferred from Statement of Profit and Loss	8,300.55	6,268.03
	16,142.37	10,166.82
Less: Appropriations:		
Special Reserve	3,300.00	2,300.00
Additional Special Reserve	25.00	25.00
Dividend On Equity Shares (refer Note No. 2.12)	1,060.21	-
Corporate Dividend Tax on Equity Shares	215.83	-
	4,601.04	2,325.00
Balances as at the end of the year	11,541.33	7,841.82
Total	38,074.99	20,003.78

Note 3
Long Term Borrowings:

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
a) Secured -		
Term Loans:		
- from banks {refer note no 23 (i)}	170,205.56	180,220.47
- from National Housing Bank {refer note no 23 (ii)}	8,394.19	15,186.00
Non Convertible Debentures {refer note no 23 (iii)}	46,350.00	-
Total	224,949.75	195,406.47
b) Unsecured -		
Unsecured bonds (Subordinate Debt) {refer note no 24 (i)}	18,900.00	6,700.00
Loans and Advances from related parties (ICDs) {refer note no 24 (ii)}	200.00	2,000.00
Total	19,100.00	8,700.00
Total (a + b)	244,049.75	204,106.47

Note 4
Long Term Provisions:

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
Provision for employee benefits {refer note no 2.8}	189.25	98.93
Provision for Non performing assets {refer note no 3.8.1}	4,725.29	2,448.91
Provision for Standard assets {refer note no 3.8.1}	1,364.98	943.39
Total	6,279.52	3,491.23

Note 5
Short Term Borrowings:

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
a) Secured -		
Loans from banks {refer note 25}	10,450.00	13,300.00
Cash Credit facilities with banks {refer note 25}	15,979.30	1,094.45
Total	26,429.30	14,394.45
b) Unsecured -		
Loans and Advances from related parties (ICDs) {refer note no 24 (ii)}	16,300.00	2,255.00
Commercial paper (CPs) {refer note no 26}	20,000.00	20,000.00
Total	36,300.00	22,255.00
Total	62,729.30	36,649.45

Note 6
Trade Payables:

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
a) Finance		
Outstanding dues of Micro Enterprises and Small Enterprises	-	-
Other Outstanding dues	2,761.67	1,712.91
b) Expenses and Others		
Outstanding dues of Micro Enterprises and Small Enterprises	-	-
Other Outstanding dues	638.83	299.20
Total	3,400.50	2,012.11

MAHINDRA RURAL HOUSING FINANCE LIMITED

Note 7				Rs. in Lakhs	Rs. in Lakhs
Other Current Liabilities:				March 2017	March 2016
Particulars	Rs. in Lakhs	Rs. in Lakhs	Particulars	March 2017	March 2016
Current Maturities of Long Term Debt			Insurance Premium Payable	1,808.63	1,086.57
a) Secured -			Statutory & Other Liabilities	327.28	226.63
Term Loans:			Total	118,745.55	51,086.63
– From banks {refer note no. 23 (i)}	65,014.92	15,145.61	Note 8		
– From National Housing Bank {refer note no 23 (ii)}	5,311.81	6,109.49	Short-term Provisions:		
	70,326.73	21,255.10	Particulars	Rs. in Lakhs	Rs. in Lakhs
b) Unsecured -			Provision for Employee Benefits {refer note no 2.8}	1,455.40	1,338.15
Loans and Advances from related parties (ICDs) {refer note no. 24 (ii)}	4,050.00	4,656.50	Others		
	4,050.00	4,656.50	Provision for Non Performing Assets {refer note no. 3.8.1}	6,711.66	3,450.11
Interest Accrued but not due on Borrowings	3,559.15	1,977.00	Provision for Standard assets (refer note no. 3.8.1)	394.78	271.01
Credit balances in Current Accounts with Banks as per books	38,673.76	21,884.83	Provision for tax (net of advance tax)	133.98	142.11
			Total	8,695.82	5,201.38

Note 9										
Fixed Assets:										
Rs. in Lakhs										
Asset Description	GROSS BLOCK AT COST			DEPRECIATION & AMORTISATION			NET BLOCK			
	As at 1st April, 2016	Additions	Deductions/ adjustments	As at 31st March, 2017	As at 1st April, 2016	Additions	Deductions/ adjustments	As at 31st March, 2017	As at 1st April, 2016	As at 31st March, 2017
i) Tangible Assets:										
Buildings	23.12	–	–	23.12	0.13	0.39	–	0.52	22.99	22.60
	–	23.12	–	23.12	–	0.13	–	0.13	–	22.99
Furniture and Fixtures	243.56	170.46	0.33	413.69	120.52	95.35	0.33	215.54	123.04	198.15
	148.83	96.66	1.93	243.56	69.66	52.66	1.80	120.52	79.17	123.04
Vehicles	402.44	241.27	27.06	616.65	155.84	92.55	16.30	232.09	246.60	384.56
	297.20	121.74	16.50	402.44	109.41	53.77	7.34	155.84	187.79	246.60
Office Equipment	724.03	334.89	20.17	1,038.75	292.90	179.57	18.87	453.60	431.13	585.15
	471.06	264.66	11.69	724.03	176.35	123.87	7.32	292.90	294.71	431.13
Computers	536.58	272.86	4.19	805.25	314.28	159.26	4.19	469.35	222.30	335.90
	331.34	205.24	–	536.58	202.14	112.91	0.77	314.28	129.20	222.30
Total (i)	1,929.73	1,019.48	51.75	2,897.46	883.67	527.11	39.69	1,371.10	1,046.06	1,526.36
ii) Intangible Assets:										
Computer software	–	33.46	–	33.46	–	0.93	–	0.93	–	32.53
Total (ii)	–	33.46	–	33.46	–	0.93	–	0.93	–	32.53
Total	1,929.73	1,052.94	51.75	2,930.92	883.67	528.04	39.69	1,372.03	1,046.06	1,558.89
	<i>1,248.43</i>	<i>711.42</i>	<i>30.12</i>	<i>1,929.73</i>	<i>557.56</i>	<i>343.34</i>	<i>17.23</i>	<i>883.67</i>	<i>690.87</i>	<i>1,046.06</i>

Previous year figures are in italics.

Note 10				Note 11			
Deferred Tax Assets (net):				Long Term Loans and Advances:			
Particulars	Rs. in Lakhs	Rs. in Lakhs		Particulars	Rs. in Lakhs	Rs. in Lakhs	
	March 2017	March 2016			March 2017	March 2016	
a) Deferred tax assets				Unsecured, Considered good unless otherwise stated:			
Provision for Non Performing Assets	3,680.18	2,060.77		Capital Advances	365.45	94.19	
Provision on Standard Assets	609.02	422.89		Deposits for Office Premises/Others	132.96	105.52	
Difference between written down value of books of account and Income Tax Act, 1961	93.30	56.61		Other Loans and Advances			
Other Disallowances	156.08	49.70		– Employee Loans & Advances	2.47	12.17	
	4,538.58	2,589.97		– Prepaid Expenses	2,289.46	33.90	
b) Deferred tax liabilities				Loans against Assets - Housing Loans (Secured)			
Special Reserve	3,130.19	2,006.08		– Loans against Assets - Housing Loans (Secured - Considered good)	338,017.72	235,536.20	
	3,130.19	2,006.08		– Loans against Assets - Housing Loans (Secured - Non Performing Assets)	23,182.95	11,628.36	
Deferred Tax Assets (Net)	1,408.39	583.89					

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
Loans against Assets - Others (Secured)		
– Loans against Assets - Others (Secured - Considered good)	1,000.34	304.63
– Loans against Assets - Others (Secured - Non Performing Assets)	5.15	0.83
Total	364,996.50	247,715.80

Note 12
Cash and bank balance:

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
Cash and Cash Equivalents:		
Balance with Banks in Current Accounts	922.22	610.79
Cash on Hand	700.23	516.42
Total	1,622.45	1,127.21

Note 13
Short Term Loans and Advances:

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
Unsecured, Considered good unless otherwise stated:		
Loans against Assets - Housing Loans (Secured)		
– Loans against Assets - Housing Loans (Secured - Considered good)	95,966.30	66,810.78
– Loans against Assets - Housing Loans (Secured - Non Performing Assets)	23,424.56	12,055.79
Loans against Assets - Others (Secured)		
– Loans against Assets - Others (Secured - Considered good)	311.68	114.41
– Loans against Assets - Others (Secured - Non Performing Assets)	17.43	0.99
Loans and Advances - Personal Loan		
– Personal Loans (Considered good)	425.32	–
– Personal Loans (Non Performing Assets)	3.15	–
Other Loans and Advances		
– Employee Loans & Advances	61.28	37.31
– Prepaid Expenses	1,658.01	609.46
– Other Short Term Advances	3.42	6.65
Deposits for Office Premises/Others	24.69	15.62
Total	121,895.84	79,651.01

Note 14
Contingent Liabilities, Commitments (to the extent not provided for) and Changes in Provisions:

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
I Contingent Liabilities (to the extent not provided for):		
(a) Legal suits filed by customers in Consumer Forums and civil courts claiming compensation from the company	4.64	10.04
(b) Demand against the company not acknowledged as debts - Income Tax	60.98	37.76
Total	65.62	47.80
II Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account	243.22	29.01
Total	243.22	29.01

Note 15
Revenue from Operations:

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
a) Interest Income		
Income from Loans	64,275.73	45,058.64
Others (Employee Loans, etc)	1.45	2.65
	64,277.18	45,061.29
b) Other Financial Services		
Service Charges and Other Fees on loan transactions	6,056.39	4,475.61
	6,056.39	4,475.61
Total (a + b)	70,333.57	49,536.90

Note 16
Other Income:

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
Other non-operating income	3.32	7.83
Total	3.32	7.83

Note 17
Employee Benefit Expenses:

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
Salary, Bonus and Incentives	11,458.09	8,281.59
Contribution to Provident Funds and other funds	972.05	602.97
Employee Stock Compensation Costs {refer note no 2.11}	88.88	113.98
Staff Welfare Expenses	328.81	219.77
Total	12,847.83	9,218.31

Note 18
Finance Cost:

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
Interest Expense	29,545.20	21,177.80
Other Borrowing Costs	249.18	154.25
Total	29,794.38	21,332.05

Note 19
Depreciation and Amortization Expense:

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
Depreciation on Tangible Assets	527.11	343.34
Amortization of intangible assets	0.93	–
Total	528.04	343.34

Note 20
Loan provisions and Write Offs :

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
Provision for Non Performing Assets (net)	5,537.93	3,112.64
General Provision on Standard Assets	545.36	422.75
Bad Debts and Write Offs	1,042.26	338.08
Total	7,125.55	3,873.47

Note 21

Other Expenses:

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
Electricity Charges	65.11	41.23
Rent	291.21	198.21
Repairs & Maintenance:-		
- Buildings	165.50	83.93
- Others	12.28	10.00
Insurance	351.97	234.72
Rates & Taxes, excluding taxes on income	44.06	37.21
Directors' sitting fees and commission	23.80	20.43
Commission & Brokerage	38.93	0.33
Legal & Professional Charges	788.90	459.39
Travelling and Conveyance Expenses	2,392.89	1,730.92
Administration Support Charges	511.41	427.33
Loss on Sale/Disposal of Owned Assets	1.25	4.13
Payments to the Auditor -		
- Audit fees	7.51	7.53
- Taxation matters	1.61	5.62
- Other Services	8.15	5.04
- Reimbursement of expenses	0.34	0.02
CSR Expenditure (including donations) {refer note no 2.5}	178.29	109.63
General and Administrative Expenses	2,467.62	1,732.25
Total	7,350.83	5,107.92

Note 22

Movement of Statutory Reserve:

(As per Section 29C of the National Housing Bank Act, 1987)
(In compliance with NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016)

Particulars	Rs. in Lakhs March 2017	Rs. in Lakhs March 2016
Balance at the beginning of the period		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	60.00	35.00
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	5,819.93	3,519.93
Total	5,879.93	3,554.93
Addition/Appropriation/Withdrawal during the period		
Add: a) Amount Transferred u/s 29C of the NHB Act, 1987	25.00	25.00
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	3,300.00	2,300.00
Less: a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act 1987	-	-
b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purposes of provision u/s 29C of the NHB Act, 1987	-	-
Balance at the end of the period		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	85.00	60.00
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	9,119.93	5,819.93
Total	9,204.93	5,879.93

Note 23 (i)

**Secured Long Term Borrowings
Secured Term Loan from Banks**

(Secured by exclusive charge on receivables under loan contracts and book debts to the extent of 100% of outstanding secured loans)

As on 31st March, 2017				Rs. in Lakhs
Particulars	Rate Range	(a) Long Term	(b) Current Maturities	Total
1) Repayable on maturity:				
a) Maturity beyond 3 years	8.40% - 8.75%	25,000.00	-	25,000.00
b) Maturing between 1 year to 3 years	8.75% - 9.70%	30,000.00	-	30,000.00
c) Maturing within 1 year	8.65% - 9.70%	-	45,000.00	45,000.00
Total repayable on maturity		55,000.00	45,000.00	100,000.00
2) Repayable in installments:				
i) Quarterly:				
a) Maturity beyond 3 years	8.15%	3,055.56	-	3,055.56
b) Maturing between 1 year to 3 years	8.15%	8,333.33	-	8,333.33
c) Maturing within 1 year	8.15%	-	4,298.25	4,298.25
Total		11,388.89	4,298.25	15,687.14
ii) Half-Yearly:				
a) Maturity beyond 3 years	8.75%	6,666.67	-	6,666.67
b) Maturing between 1 year to 3 years	8.75%	10,000.00	-	10,000.00
c) Maturing within 1 year	8.75%	-	6,666.67	6,666.67
Total		16,666.67	6,666.67	23,333.34
iii) Yearly:				
a) Maturity beyond 3 years	8.20% - 9.30%	31,300.00	-	31,300.00
b) Maturing between 1 year to 3 years	8.20% - 9.63%	55,850.00	-	55,850.00
c) Maturing within 1 year	9.25% - 9.63%	-	9,050.00	9,050.00
Total		87,150.00	9,050.00	96,200.00
Total repayable on installments		115,205.56	20,014.92	135,220.48
Total (1+2)		170,205.56	65,014.92	235,220.48

As on 31st March, 2016				Rs. in Lakhs
Particulars	Rate Range	(a) Long Term	(b) Current Maturities	Total
1) Repayable on maturity:				
a) Maturity beyond 3 years	9.65% - 9.75%	25,000.00	-	25,000.00
b) Maturing between 1 year to 3 years	9.65% - 9.70%	55,000.00	-	55,000.00
c) Maturing within 1 year	-	-	-	-
Total repayable on maturity		80,000.00	-	80,000.00
2) Repayable in installments:				
i) Quarterly:				
a) Maturity beyond 3 years	9.30%	3,888.89	-	3,888.89
b) Maturing between 1 year to 3 years	9.30%	6,798.25	-	6,798.25
c) Maturing within 1 year	9.30% - 9.71%	-	5,912.28	5,912.28
Total		10,687.13	5,912.28	16,599.42
ii) Half-Yearly:				
a) Maturity beyond 3 years	9.70%	3,333.33	-	3,333.33
b) Maturing between 1 year to 3 years	9.70%	10,000.00	-	10,000.00
c) Maturing within 1 year	9.70%	-	4,733.33	4,733.33
Total		13,333.33	4,733.33	18,066.66
iii) Yearly:				
a) Maturity beyond 3 years	9.34% - 9.63%	45,100.00	-	45,100.00
b) Maturing between 1 year to 3 years	9.34% - 9.63%	31,100.00	-	31,100.00
c) Maturing within 1 year	-	-	-	-
Total		76,200.00	-	76,200.00
Total repayable on installments		100,220.47	10,645.61	110,866.08
Total (1+2)		180,220.47	10,645.61	190,866.08

Note 23 (ii)

Secured Term Loans from NHB

(Secured by exclusive charge on receivables under loan contracts and book debts to the extent of 100% of outstanding secured loans)

As on 31st March, 2017

Rs. in Lakhs

Particulars	Rate Range	(a) Long Term	(b) Current Maturities	Total
1) Repayable in installments:				
i) Quarterly:				
a) Maturity beyond 3 years	7.65%-9.30%	2,054.80	–	2,054.80
b) Maturing between 1 year to 3 years	7.65%-9.30%	6,339.39	–	6,339.39
c) Maturing within 1 year	7.65%-9.70%	–	5,311.81	5,311.81
Total		8,394.19	5,311.81	13,706.00

As on 31st March, 2016

Rs. in Lakhs

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

Note 23 (iii)

Secured non-convertible debentures#

(Secured by pari passu charges on office premise and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured debentures)

As on 31st March, 2017

Rs. in Lakhs

Particulars	Rate Range	(a) Long Term	(b) Current Maturities	Total
1) Repayable on maturity:				
a) Maturity beyond 3 years (Listed)	8.10%-8.90%	22,350.00	–	22,350.00
b) Maturing between 1 year to 3 years (Listed)	7.90% - 8.74%	24,000.00	–	24,000.00
c) Maturing within 1 year	–	–	–	–
Total		46,350.00	–	46,350.00

As on 31st March, 2016

Rs. in Lakhs

Particulars	Rate Range	(a) Long Term	(b) Current Maturities	Total
1) Repayable on maturity:				
a) Maturing within 1 year	–	–	–	–
Total		–	–	–

The funds raised by the Company during the year by issue of Secured Non Convertible Debentures/Bonds were utilised for the purpose intended i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with applicable laws.

Note 24 (i)

Unsecured Borrowings

Subordinated Debts (Long Term)

As on 31st March, 2017

Rs. in Lakhs

Particulars	Rate Range	(a) Long Term	(b) Current Maturities	Total
1) Repayable on maturity:				
a) Maturity beyond 3 years (Listed)	8.40% - 9.50%	18,200.00	–	18,200.00
b) Maturing between 1 year to 3 years	11.00%	700.00	–	700.00
c) Maturing within 1 year	–	–	–	–
Total repayable on maturity		18,900.00	–	18,900.00

As on 31st March, 2016

Rs. in Lakhs

Particulars	Rate Range	(a) Long Term	(b) Current Maturities	Total
1) Repayable on maturity:				
a) Maturity beyond 3 years (Listed)	9.25% - 9.50%	6,000.00	–	6,000.00
b) Maturing between 1 year to 3 years	11.00%	700.00	–	700.00
c) Maturing within 1 year	–	–	–	–
Total repayable on maturity		6,700.00	–	6,700.00

Note 24 (ii)

Inter - Corporate Deposits (ICD):

As on 31st March, 2017

Rs. in Lakhs

Particulars	Rate Range	(a) Long Term	(b) Short Term	(c) Current Maturities	Total
1) Repayable on maturity:					
a) Maturity beyond 3 years	–	–	–	–	–
b) Maturing between 1 year to 3 years	8.55%	200.00	–	–	200.00
c) Maturing within 1 year	7.60% - 9.80%	–	16,300.00	4,050.00	20,350.00
Total repayable on maturity		200.00	16,300.00	4,050.00	20,550.00

As on 31st March, 2016

Rs. in Lakhs

Particulars	Rate Range	(a) Long Term	(b) Short Term	(c) Current Maturities	Total
1) Repayable on maturity:					
a) Maturity beyond 3 years	–	–	–	–	–
b) Maturing between 1 year to 3 years	9.80%	2,000.00	–	–	2,000.00
c) Maturing within 1 year	8.50% - 10.50%	–	2,255.00	4,656.50	6,911.50
Total repayable on maturity		2,000.00	2,255.00	4,656.50	8,911.50

Note 25

Short Term Borrowings:

Secured Short Term Loans/Cash Credit from Bank (Secured by exclusive charge on receivables under loan contracts and book debts to the extent of 100% of outstanding secured loans)

As on 31st March, 2017

Rs. in Lakhs

Particulars	Rate Range	(a) Long Term	(b) Short Term	Total
1) Repayable on maturity:				
a) Maturing within 1 year	7.90% - 10.50%	–	26,429.30	26,429.30
Total		–	26,429.30	26,429.30

As on 31st March, 2016

Rs. in Lakhs

Particulars	Rate Range	(a) Long Term	(b) Short Term	Total
1) Repayable on maturity:				
a) Maturing within 1 year	9.10% - 10.75%	–	14,394.44	14,394.44
Total		–	14,394.44	14,394.44

Note 26

Commercial Paper Borrowings:

As on 31st March, 2017

Rs. in Lakhs

Particulars	Rate Range	(a) Long Term	(b) Short Term	Total
1) Repayable on maturity:				
a) Maturing within 1 year	7.30% - 7.60%	–	20,000.00	20,000.00
Total		–	20,000.00	20,000.00

As on 31st March, 2016

Rs. in Lakhs

Particulars	Rate Range	(a) Long Term	(b) Short Term	Total
1) Repayable on maturity:				
a) Maturing within 1 year	8.90% - 9.40%	–	20,000.00	20,000.00
Total		–	20,000.00	20,000.00

Note II

NOTES TO THE ACCOUNTS:

A. General Disclosures:

- 2.1 As per Section 29C (i) of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose a Special Reserve created by the Company under Section 36(1)(viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. The company has transferred an amount to Special Reserve in terms of Section 36(1)(viii) of the Income Tax Act, 1961 and Section 29C of the National Housing Bank Act, 1987, as amended, at year end. The company does not anticipate any withdrawal from Special Reserve in foreseeable future.
- 2.2 The Company has considered an amount of 5% of its computed total income, as per Section 36(1)(viiia) as an eligible deduction. A deferred tax liability has been created on the said deduction.
- 2.3 The company is not required to make provision for diminution in value of investments, as per NHB norms, as the company does not hold any investment.
- 2.4 The company has not granted any loans or advances against collateral of gold jewellery.
- 2.5 During the year ended the company has incurred CSR expenses of Rs. 178.09 Lakhs (Previous year ended Rs. 109.43 Lakhs) as per the requirement of Section 135 of the Companies Act, 2013. The said expenditure represents contribution made to trusts which are engaged in the activity prescribed under the said section read with Schedule VII to the Act.
- 2.6 Bad Debts and Write offs includes loss on termination of Rs. 94.15 Lakhs (Previous year Rs. 48.53 Lakhs) which mainly represents shortfall on settlement of certain contracts. There is a Bad Debts recovery of Rs. 9.37 Lakhs (Previous year Rs. 12.07 Lakhs) in current year.
- 2.7 In the opinion of the Board, Current assets, Loans and Advances are of the values stated, if realized, in the ordinary course of business.

2.8 Employee Benefits:

Defined Benefit Plans -As per Actuarial Valuation on March 2017

		Rs. in Lakhs.					
		Gratuity (Funded)		Sick leave (Non-funded)		Privilege leave (Non-funded)	
		Mar-17	Mar-16	Mar-17	Mar-16	Mar-17	Mar-16
I.	Expense recognised in the Statement of Profit & Loss Account for the year ending 31st Mar 2017						
1	Current service cost	67.88	131.19	17.17	23.55	110.46	188.79
2	Interest cost	10.53	8.77	1.87	1.20	8.93	8.93
3	Expected return on plan assets	(8.66)	(9.26)	-	-	-	-
4	Actuarial (Gains)/ Losses	57.96	(92.03)	2.88	(13.97)	26.55	(168.05)
5	Adjustment due to change in opening balance of Plan assets	17.19	-	-	-	-	-
6	Total expenses	144.90	38.67	21.92	10.78	145.94	29.67
II.	Net asset/(liability) recognised in the Balance Sheet as at 31st Mar 2017						
1	Present Value of Defined Benefit obligation as at 31st Mar	257.66	131.66	45.30	23.38	246.04	111.66
2	Fair value of plan assets as at 31st Mar	144.97	125.44	-	-	-	-
3	Funded status (surplus/ (deficit))	(112.69)	(6.22)	(45.30)	(23.38)	(246.04)	(111.66)
4	Net asset/(liability) as at 31st Mar	(112.69)	(6.22)	(45.30)	(23.38)	(246.04)	(111.66)

Rs. in Lakhs.

		Gratuity (Funded)		Sick leave (Non-funded)		Privilege leave (Non-funded)	
		Mar-17	Mar-16	Mar-17	Mar-16	Mar-17	Mar-16
III.	Change in the obligations during the year ending 31st Mar 2017						
1	Present Value of Defined Benefit obligation at the beginning of the year	131.66	91.92	23.38	12.60	111.66	92.52
2	Current service cost	67.88	131.19	17.17	23.55	110.46	188.79
3	Interest cost	10.53	8.77	1.87	1.20	8.93	8.93
4	Actuarial (Gains)/Losses	57.96	(92.03)	2.88	(13.97)	26.55	(168.05)
5	Benefits paid	(10.37)	(8.19)	-	-	(11.56)	(10.53)
6	Present Value of Defined Benefit obligation at the end of the year	257.66	131.66	45.30	23.38	246.04	111.66
IV.	Change in the fair value of plan assets during the year ending 31st Mar 2017						
1	Fair value of plan assets at the beginning of the year	125.44	90.86	-	-	-	-
2	Expected return on plan assets	8.66	9.26	-	-	-	-
3	Contributions by employer	38.43	33.51	-	-	-	-
4	Actuarial (Gains)/Losses	-	-	-	-	-	-
5	Actual Benefits paid	(10.37)	(8.19)	-	-	-	-
6	Adjustment due to change in opening balance of Plan assets	(17.19)	-	-	-	-	-
7	Fair value of plan assets at the end of the year	144.97	125.44	-	-	-	-
V.	Major category of plan assets as a percentage of total plan						
	Funded with LIC	100%	100%	-	-	-	-
	Others	-	-	-	-	-	-
VI.	Actuarial Assumptions						
1	Discount Rate	7.36% p.a.	8.00% p.a.	7.36% p.a.	8.00% p.a.	7.36% p.a.	8.00% p.a.
2	Expected Rate of return on plan assets	8.00% p.a.	8.00% p.a.	-	-	-	-
3	Rate of Salary increase	5.00 % p.a.	5.00 % p.a.	5.00 % p.a.	5.00 % p.a.	5.00 % p.a.	5.00 % p.a.
4	In-service Mortality	Indian Assured lives Mortality (2006-08) Ultimate	Indian Assured lives Mortality (2006-08) Ultimate				

Experience Adjustments:

		Year Ending				
		Mar-13	Mar-14	Mar-15	Mar-16	Mar-17
1	Defined Benefit obligation at end of the year	39.60	60.14	91.92	131.66	257.66
2	Plan assets at the end of year	35.88	48.93	90.86	125.44	144.97
3	Funded Status Surplus/ (Deficit)	(3.72)	(11.21)	(1.06)	(6.22)	(112.69)
4	Experience adjustments on plan liabilities (gain)/loss	(6.77)	(10.35)	(20.08)	(30.71)	21.08
5	Experience adjustments on plan assets gain/(loss)	-	-	-	-	-

2.9 The company's main business is to provide loans for purchase or construction of residential houses. All the other activities of the company revolve around the main business. As such, there are no separate reportable segments as per the Accounting Standard on Segment Reporting (AS-17).

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

Particulars	March 2017	March 2016
Net Profit after tax (Rs. In Lakhs)	8,300.55	6,268.03
Weighted Average Number of Equity Shares of Rs. 10/- each – Basic (In Lakhs)	765.80	657.92
Weighted Average Number of Equity Shares of Rs. 10/- each – Diluted (In Lakhs)	765.80	657.92
Basic Earnings Per Share (Rs.)	10.84	9.53
Diluted Earnings Per Share (Rs.)	10.84	9.53

2.11 The company has incurred a cost of Rs. 86.82 Lakhs (previous year Rs. 113.98 Lakhs) towards ESOP granted to its employees by Mahindra and Mahindra Financial Services Limited (MMFSL) and Rs. 2.06 Lakhs (previous year Rs. NIL) towards ESOP granted to its employees by Mahindra & Mahindra Limited.

2.12 The Board of Directors have recommended a dividend of Rs. 1.50 per share on 9,51,32,166 Equity Shares of Rs. 10/- each for the financial year. The dividend payout shall absorb a sum of Rs. 1,717.52 Lakhs

(including Dividend Distribution Tax). The company has complied with the Companies (Accounting Standards) Amendment Rules 2016, issued by the Ministry of Corporate Affairs, vide its Notification No. G.S.R.364 (E) dated 30th March, 2016.

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

- Foreign Travel Expenses Rs. 2.25 Lakhs (previous year Rs. 2.93 Lakhs)

2.14 Related Party Disclosure as per Accounting Standard 18 and in compliance with NHB Notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated, February 9th, 2017:

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

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

Sr. No.	Nature of transactions		Rs. In Lakhs		
			Holding Companies	Fellow Subsidiary Companies	Key Management Personnel
1	Expenses Interest	Mahindra & Mahindra Financial Services Limited	213.44 (567.27)		
		Mahindra Insurance Brokers Limited		589.78 (411.71)	
		Mahindra AMC Private Limited		310.25 (2.79)	
	Other Expenses	Mahindra & Mahindra Limited	209.26 (15.56)		
		Mahindra & Mahindra Financial Services Limited	588.01 (493.73)		
		Mahindra First Choice Services Limited		1.28 (0.83)	
		NBS International Limited		0.15 (0.03)	
		Mahindra Integrated Business Solutions Private Limited		102.55 (14.88)	
		Mahindra Holidays & Resorts India Limited		- (2.24)	
	Employee Remuneration	Mahindra & Mahindra Financial Services Limited	86.82 (113.98)		
Mahindra & Mahindra Limited		2.06			
Mr. Anuj Mehra		-		191.99 (195.58)	

MAHINDRA RURAL HOUSING FINANCE LIMITED

Rs. In Lakhs

Sr. No.	Nature of transactions		Holding Companies	Fellow Subsidiary Companies	Key Management Personnel
2	Equity Shares (Including Premium)	Mahindra & Mahindra Financial Services Limited	11,375.00 (3,497.22)		
3	Purchase of Fixed Assets (including CWIP & Capital Advance)	Mahindra & Mahindra Limited	111.92 (54.71)		
		Mahindra & Mahindra Financial Services Limited	13.98 -		
		NBS International Limited		3.27 -	
4	Dividend Dividend paid – for previous year (FY15-16)	Mahindra & Mahindra Financial Services Limited	927.68 (747.76)		
5	Finance Inter Corporate Deposits taken	Mahindra Insurance Brokers Limited	8,350.00	-	
		Mahindra AMC Private Limited		200.00 (55.00) -	
	Inter Corporate Deposits repaid	Mahindra & Mahindra Financial Services Limited	4,656.50 -		
		Mahindra Insurance Brokers Limited		2,200.00 (250.00)	
		Mahindra AMC Private Limited		55.00 -	
6	Balances at the end of the Year Unsecured Subordinate Debts placed (including interest accrued)	Mahindra & Mahindra Financial Services Limited	700.57 (700.76)		
		Mahindra AMC Private Limited		4,856.15 -	
	Inter Corporate Deposits outstanding (including interest accrued but not due)	Mahindra & Mahindra Financial Services Limited	- (5,189.14)		
		Mahindra Insurance Brokers Limited		10,674.66 (4,347.05)	
		Mahindra AMC Private Limited		214.55 (57.51)	
	Payables	Mahindra & Mahindra Limited	180.79 (10.34)		
		Mahindra & Mahindra Financial Services Limited	95.91 (66.57)		
		Mahindra Insurance Brokers Limited		17.01 (7.88)	
		Mahindra First Choice Services Limited		- (0.65)	
		Mahindra Integrated Business Solutions Private Limited		5.80 (0.74)	

Notes:

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

2.15 Disclosure on Specified Bank Notes (SBNs)

Pursuant to Notification No. G.S.R. 308 (E) dated March 30, 2017 issued by the Ministry of Corporate Affairs requiring the Companies to disclose the details of Specified Bank Notes (SBNs) held and transacted during the period from November 8, 2016 to December 30, 2016, the Company provides here below the required details:

Rs. in Lakhs			
Particulars	SBNs *	Other Denomination Notes	Total
Closing Cash in hand as on November 8th, 2016	390.05	49.57	439.62
+ Permitted receipts	-	7,707.93	7,707.93
- Permitted payments	-	1.89	1.89
- Amount deposited in Banks	390.05	7,483.12	7,873.17
Closing Cash in hand as on December 30th, 2016	-	272.49	272.49

* For the purpose of this clause, the term "Specified Bank Notes" shall have the same meaning provided in the Notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

2.16 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) and relied upon by the auditors, there are no amounts due to MSME as at March 31st, 2017.

The relevant particulars as at the year-end as required under the MSMED Act are furnished here below:

Rs. in Lakhs		
Particulars	March-17	March-16
a) Principal amount due and remaining unpaid to suppliers as at the year end	-	-
b) Interest accrued and due to suppliers on the above amount as at the year end	-	-
c) Interest paid to suppliers in terms of Section 16 of the MSMED Act	-	-
d) Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
e) Interest paid to suppliers (other than Section 16 of the MSMED Act)	-	-

3.5 Assets Liability Management

Rs. In Lakhs											
Particulars	Upto 31 days (one month)	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 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 years	Over 10 years	Total
Liabilities											
Deposits	-	-	-	-	-	-	-	-	-	-	-
Borrowings from Bank	41,577	18,914	965	12,762	45,233	126,502	68,077	-	-	-	314,030
Market Borrowings	5,975	6,200	10,500	375	17,300	24,900	21,350	-	19,200	-	105,800
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	10,132	7,345	7,177	24,652	47,452	162,581	139,429	52,209	12,701	23,214	486,892
Investments	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-

Rs. in Lakhs

Particulars	March-17	March-16
f) Interest due and payable to suppliers for payments already made (for the period of delay, if any)	-	-
g) Interest accrued and remaining unpaid at the year end	-	-
h) 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	-	-

B. Additional Disclosures as prescribed by National Housing Bank (NHB) vide Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017.

3.1 Capital

Rs. in Lakhs

Particulars	March-17	March-16
(i) CRAR (%)	30.5%	23.6%
(ii) CRAR – Tier I Capital (%)	21.3%	18.3%
(iii) CRAR – Tier II Capital (%)	9.3%	5.3%
(iv) Amount of subordinated debt raised as Tier – II Capital	18,900	6,700
(v) Amount raised by issue of Perpetual Debt Instruments	Nil	Nil

3.2 Investments

The company has not made any investments during the current year or previous year and hence the provisions of point no. 3.3, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017 is not applicable to the company.

3.3 Derivatives

The company has not entered into any derivatives during the current year or previous year and hence the provisions of point no. 3.4, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017 is not applicable to the Company.

3.4 Securitization

The company has not entered into any transactions of securitization/ assignment during the current year or previous year and hence the provisions of point no. 3.5, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017 is not applicable to the Company.

3.6 Exposure

3.6.1 Exposure to real estate sector

		Rs. In Lakhs	
Category		March 2017	March 2016
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;	481,926	326,452
	Of the above Individual housing loan upto Rs.15 lakh	472,623	321,573
	(ii) Commercial Real Estate -		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	Nil	Nil
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	a) Residential	Nil	Nil
	b) Commercial Real Estate	Nil	Nil
b)	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil

3.6.2 The Company does not have any exposure towards capital market and hence the provisions of point no. 3.7.2, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017 is not applicable to the Company.

3.6.3 The Company has not financed any parent company products and hence the provisions of point no. 3.7.3, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017 is not applicable to the Company.

3.6.4 The Company has not exceeded the prudential exposure limits w.r.t Single Borrower Limit (SBL)/Group Borrower Limit (GBL) and hence the provisions of point no. 3.7.4, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017 is not applicable to the Company.

3.6.5 The Company has not given any unsecured advances against collateral of rights, licenses, authorisations, etc. and hence the provisions of point no. 3.7.5, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017 is not applicable to the Company.

3.7 Miscellaneous

3.7.1 The Company has not obtained registration from any Financial sector regulator other than National Housing Bank.

3.7.2 No Penalty has been imposed on the company by National Housing Bank.

3.7.3 Related Party Policy:

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.

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.

The Policy on Related Party Transactions as approved by the Audit Committee and the Board of Directors of the company is uploaded on the website of the company and same can be accessed on the web link: www.mahindrahomefinance.com. The same also forms apart of Boards report to the Shareholders.

3.7.4 Rating assigned by Credit Rating Agencies and migration of rating during the year.

During the year under review, India Rating & Research Private Limited has reaffirmed the rating to the Company's Bank facilities, Non-Convertible Debentures and Subordinated Debt as 'IND AA+' with stable outlook and 'IND A1+' rating to the Commercial paper Issued by the Company.

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

CRISIL has upgraded its rating on long-term debt instrument to 'CRISIL AA+/Stable' from 'CRISIL AA-/Stable' and reaffirmed the rating as 'CRISIL A1+' to the Commercial paper Issued by the Company.

3.7.5 Remuneration of Independent Directors

Rs. In Lakhs

Particulars of Remuneration	Names of Directors			Total
	Mr. Nityanath Ghaneekar	Mrs. Anjali Raina	Mr. Narendra Mairpady	
Independent Directors				
Fee for attending Board/ Committee Meetings	2.60	3.70	2.50	8.80
Commission	5.00	5.00	5.00	15.00
Other	NIL	NIL	NIL	NIL
Total	7.60	8.70	7.50	23.80

3.8 Other Disclosures

3.8.1 Provisions and Contingencies.

Rs. In Lakhs

Breakup of "Provisions & Contingencies" shown under the head Expenditure in Statement of Profit and Loss	March 2017	March 2016
	1. Provisions for depreciation on Investment	-
2. Provision made towards Income Tax	4,389.71	3,401.61
3. Provision towards NPA	5,537.93	3,112.64
4. Provision for Standard Assets (with details like teaser loan, CRE, CRE-RH etc.)	545.36	422.75
5. Other Provision and Contingencies (with details)	-	-

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

Rs. In Lakhs

Breakup of Loan & Advances and Provisions thereon	Housing		Non Housing	
	March 2017	March 2016	March 2017	March 2016
Standard Assets				
a) Total Outstanding Amount	433,984.02	302,346.98	5,909.62	1,239.66
b) Provisions made	1,736.05	1,209.42	23.71	4.98

Rs. In Lakhs

Breakup of Loan & Advances and Provisions thereon	Housing		Non Housing	
	March 2017	March 2016	March 2017	March 2016
Sub-Standard Assets				
a) Total Outstanding Amount	28,442.88	14,346.37	22.35	1.82
b) Provisions made	4,891.47	2,554.84	3.70	0.27
Doubtful Assets - Category - I				
a) Total Outstanding Amount	10,887.42	5,382.39	0.23	
b) Provisions made	3,161.04	1,556.53	0.06	
Doubtful Assets - Category - II				
a) Total Outstanding Amount	6,863.88	3,706.45		
b) Provisions made	2,964.21	1,538.43		
Doubtful Assets - Category - III				
a) Total Outstanding Amount	296.11	117.18	3.15	
b) Provisions made	296.11	117.18	3.15	
Loss Assets				
a) Total Outstanding Amount	117.22	131.76		
b) Provisions made	117.22	131.76		
TOTAL				
a) Total Outstanding Amount	480,591.53	326,031.13	5,935.35	1,241.48
b) Provisions made	13,166.10	7,108.17	30.62	5.25

Loan receivable includes Rs. 11,097.45 Lakhs outstanding towards financing of insurance as of March 31st 2017 and Rs. 7,720.20 Lakhs as of March 31st 2016.

The company has made adequate provision for Non Performing Assets identified, in accordance with the Housing Finance Companies (NHB) Directions, 2010. As per the practice consistently followed, the Company has also made additional provision on prudential basis. The cumulative additional provision made by the company as on 31st March 2017 is Rs. 1,216.22 Lakhs (March 2016: Rs. 612.67 Lakhs).

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

In accordance with Accounting Standard 29 (AS-29) "Provisions, Contingent Liabilities and Contingent Assets", the following are the details of the movement in provisions for the year ending March 31st 2017:

Rs. in Lakhs

Movement of provisions for NPAs (excluding provisions on standard assets)	March 2017	March 2016
a) Opening Balance	5,899.02	2,786.38
b) Provisions made during the year	5,966.88	3,245.95
c) Write-off of short provision/write-back of excess provisions	(428.95)	(133.31)
d) Closing Balance	11,436.95	5,899.02

Rs. in Lakhs

Movement of provisions for Standard assets	March 2017	March 2016
a) Opening Balance	1,214.40	791.65
b) Provisions made during the year	545.36	422.75
c) Closing Balance	1,759.76	1,214.40

3.8.2 Draw Down from Reserves

The company has not withdrawn any amount from any reserve in the current year or in the previous year.

3.8.3 Concentration of Public Deposits, Advances, Exposures and NPAs

3.8.3.1 The company is non deposit accepting Housing Finance Company, hence there are no public deposits and hence the provisions of point no. 5.3.1, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017 is not applicable to the Company.

3.8.3.2 Concentration of Loans & Advances

Rs. In Lakhs

Particulars	March 2017	March 2016
Total Loans & Advances to twenty largest borrowers	591.44	564.28
Percentage of Loans & Advances to Twenty largest borrowers to Total Advances of the HFC	0.12%	0.17%

3.8.3.3 Concentration of all Exposure (Including off-balance sheet exposure)

Rs. In Lakhs

Particulars	March 2017	March 2016
Total Exposure to twenty largest borrowers / customers	633.50	591.50
Percentage of Exposure to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	0.12%	0.12%

3.8.3.4 Concentration of NPAs

Rs. In Lakhs

Particulars	March 2017	March 2016
Total Exposure to top ten NPA accounts	222.96	145.73

3.8.3.5 Sector - wise NPAs

Sr. No.	Sector	Percentage of NPAs to Total Advances in that sector
A.	Housing Loans:	
1	Individuals	9.70%
2	Builders/Project Loans	Nil
3	Corporates	Nil
4	Others (specify)	Nil
B.	Non-Housing Loans:	
1	Individuals	1.46%
2	Builders/Project Loans	Nil
3	Corporates	Nil
4	Others (specify)	Nil

3.8.4 Movement of NPAs

Rs. in Lakhs

Particulars	March 2017	March 2016
(I) Net NPAs to Net Advances (%)	7.47%	5.55%
(II) Movement of NPAs (Gross)		
a) Opening Balance	23,685.97	12,265.28
b) Additions during the year	26,534.34	13,422.70
c) Reductions during the year	3,587.06	2,002.01
d) Closing Balance	46,633.25	23,685.97

Rs. in Lakhs

Particulars	March 2017	March 2016
(III) Movement of Net NPAs		
a) Opening Balance	17,786.95	9,478.90
b) Additions during the year	20,567.46	10,176.75
c) Reductions during the year	3,158.11	1,868.70
d) Closing Balance	35,196.30	17,786.95
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening Balance	5,899.02	2,786.38
b) Provisions made during the year	5,966.88	3,245.95
c) Write-off of short provision/write-back of excess provisions	(428.95)	(133.31)
d) Closing Balance	11,436.95	5,899.02

3.8.5 Overseas Assets

The company does not own any overseas asset and hence the provisions of point no. 5.5, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017 is not applicable to the Company.

3.8.6 The Company does not have any of balance sheet SPVs sponsored and hence the provisions of point no. 5.6, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017 is not applicable to the Company.

3.9 Disclosure of Complaints

3.9.1 Customers Complaints

Particulars	March 2017	March 2016
a) No. of complaints pending at the beginning of the year	Nil	Nil
b) No. of complaints received during the year	9	6
c) No. of complaints redressed during the year	9	6
d) No. of complaints pending at the end of the year	Nil	Nil

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

Signatures to Notes 1 to 26.

For B. K. KHARE & CO.
Chartered Accountants
(Firm Registration No.: 105102W)

Ramesh Iyer
Chairman

Nityanath Ghanekar
Director

Anjali Raina
Director

V. Ravi
Director

Shirish Rahalkar
Partner
Membership no. 111212

K. Chakravarthy
Director

K. Chandrasekar
Director

M. Narendra
Director

Anuj Mehra
Managing Director

Place: Mumbai
Date: 17th April 2017

Navin Joshi
Company Secretary

Dharmesh Vakharia
Chief Financial Officer