

**Mahindra First Choice Wheels Limited**

**Financial Statements  
together with the  
Independent Auditors' Report  
for the year ended 31 March 2019**

# Mahindra First Choice Wheels Limited

**Financial statements together with the Independent Auditors' Report**  
*for the year ended 31 March 2019*

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# B S R & Co. LLP

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## Independent Auditors' Report

### To the Members of Mahindra First Choice Wheels Limited

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the financial statements of Mahindra First Choice Wheels Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

##### Basis for Opinion

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

##### Information other than the Financial Statements and Auditors' Report Thereon ("Other Information")

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based

## **Independent Auditors' Report (Continued)** **Mahindra First Choice Wheels Limited**

### **Information other than the Financial Statements and Auditors' Report Thereon ("Other Information") (continued)**

on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibility for the Financial Statements**

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring 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.

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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



## **Independent Auditors' Report (Continued)** **Mahindra First Choice Wheels Limited**

### **Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

### **Report on Other Legal and Regulatory Requirements**

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

(A) As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.



## **Independent Auditors' Report (Continued)**

### **Mahindra First Choice Wheels Limited**

#### **Report on Other Legal and Regulatory Requirements (continued)**

- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its financial statements - Refer Note 25 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

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



**Independent Auditors' Report (Continued)**

**Mahindra First Choice Wheels Limited**

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

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

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



**Jayesh T Thakkar**  
*Partner*  
Membership No. 113959

Mumbai  
30 April 2019

**Annexure A to the Independent Auditors' Report on the standalone financial statements of Mahindra First Choice Wheels Limited for the year ended 31 March 2019**

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of Mahindra First Choice Wheels Limited ('the Company') on the Ind AS financial statements for the year ended 31 March 2018, we report the following:

- i (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a programme of physical verification of its fixed assets by which all fixed assets are verified annually, pursuant to which the fixed assets were physically verified in the financial year ended 31 March 2019 and no material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties. Accordingly, paragraph (i) (c) of the Order is not applicable to the Company.
- ii The inventory has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been suitably adjusted in the books of accounts.
- iii The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, paragraphs (iii) of the Order are not applicable to the Company.
- iv In our opinion and according to the information and explanations given to us and based on the audit procedures conducted by us, the Company has complied with provisions of Section 186 of the Companies Act, 2013 in respect of making investments. According to the information and explanations given to us, the Company has not granted any loans or provided guarantees and hence reporting under para (iv) of the Order, to the extent it relates to loans and guarantees under Section 185 and 186 of the Companies Act, 2013, is not applicable.
- v According to the information and explanations given to us, the Company has not accepted any deposit during the year and accordingly compliance with Section 73 and 76 of the Companies Act, 2013 is not applicable. According to the information and explanations given to us, there are no unclaimed deposits and accordingly the question of complying with Section 74 and 75 of the Companies Act, 2013 is not applicable.
- vi In respect of maintenance of Cost records under Section 148(1) of the Companies Act, 2013, having regard to the nature of the Company's business/activities, reporting under paragraph (vi) of the Order is not applicable.





**Annexure A to the Independent Auditors' Report on the standalone financial statements of Mahindra First Choice Wheels Limited for the year ended 31 March 2019 (Continued)**

- vii (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Goods and Services Tax and other material statutory dues have been generally regularly deposited during the period by the Company with the appropriate authorities. Duty of Customs, Duty of Excise, Sales Tax, Service Tax, Value Added Tax and Cess are not applicable to the Company.

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, Goods and Services Tax and other material statutory dues that have remained outstanding for more than six months from the date it became payable. Further as informed to us, the Company did not have any dues on Sales Tax, Service tax, Value Added Tax and Cess.

- (b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Service tax, Valued added tax, Goods and Service Tax and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute, except for the following:

Name of the Statute	Nature of the Dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	3.79	2008-09	Commissioner of Income Tax (Appeals)
Value Added Tax, Maharashtra	Value Added Tax	31.08	2012-13	Assistant Commissioner of Income Tax
		764.30	2005-06 to 2010-11 and 2012-13	Joint Commissioner of Sales Tax (Appeal)
Value Added Tax, Kerala	Value Added Tax	0.39	2008-09	Commercial Tax Officer
Central Sales Tax, Maharashtra	Central Sales Tax	34.77	2008-09	Commercial Tax Officer

- viii The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under paragraph (viii) of the Order is not applicable to the Company.
- ix The Company did not raised any money by way of initial public offer or further public offer (including debt instruments) or through term loans during the year. Hence reporting under paragraph (ix) of the Order is not applicable to the Company.
- x During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of 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 any such case by the management.

**Annexure A to the Independent Auditors' Report on the standalone financial statements of Mahindra First Choice Wheels Limited for the year ended 31 March 2019 (Continued)**

- x i In our opinion and according to the information and explanations given to us, the Company has paid/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.
- x ii In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.
- x iii In our opinion and according to the information and explanations given to us, the Company has entered into transactions with the related parties in compliance with provision of Section 177 and 188 of the Companies Act, 2013. The details of such related party transactions have been disclosed in Ind AS financial statements as required under applicable Ind AS.
- x iv According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.
- x v According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.
- x vi According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**  
*Chartered Accountants*

Firm's Registration No: 101248W/W-100022



**Jayesh T Thakkar**  
*Partner*

Membership No: 113959

Mumbai  
30 April 2019

## **Annexure B to the Independent Auditors' report on the financial statements of Mahindra First Choice Wheels Limited for the year ended 31 March 2019**

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

### **Opinion**

We have audited the internal financial controls with reference to financial statements of Mahindra First Choice Wheels Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### **Management's Responsibility for Internal Financial Controls**

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

### **Auditors' Responsibility**

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

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



**Annexure B to the Independent Auditors' report on the financial statements of Mahindra First Choice Wheels Limited for the year ended 31 March 2019  
(Continued)**

**Auditors' Responsibility (continued)**

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

**Meaning of Internal Financial controls with Reference to Financial Statements**

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

**Inherent Limitations of Internal Financial controls with Reference to Financial Statements**

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

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



**Jayesh Thakkar**  
*Partner*

Mumbai  
30 April 2019

Membership No. 113959

**Mahindra First Choice Wheels Limited**

Ind AS Financials Statements

Together with the

Independent Auditors' Report

For the year ended 31 March 2019

**MAHINDRA FIRST CHOICE WHEELS LIMITED**  
CIN: U64200MH1994PLC083996

**Balance Sheet**

as at 31 March 2019

Rs in lakhs

	Note No.	31 March 2019	31 March 2018
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
(a) Property, Plant and Equipment	3	473.86	429.69
(b) Goodwill		113.00	113.00
(c) Other intangible assets	4	125.86	203.62
(d) Financial assets			
(i) Investments	5	12.27	11.66
(ii) Loans	7	678.12	539.19
(iii) Other financial assets	8	2.89	1.15
(e) Income Tax Asset (net)		1,549.58	991.47
(f) Other non-current assets	10	99.27	99.22
		<b>3,054.85</b>	<b>2,389.00</b>
<b>CURRENT ASSETS</b>			
(a) Financial assets			
(i) Investments	5	501.06	100.66
(ii) Trade receivables	6	3,336.92	4,315.82
(iii) Cash and cash equivalents	9	563.77	10,699.29
(iv) Bank balances other than (iii) above	9	4,507.00	28.58
(v) Loans	7	4,614.96	2,357.64
(vi) Other financial assets	8	2,173.77	14.91
(b) Inventories		270.99	-
(c) Other current assets	10	732.24	672.07
		<b>16,700.71</b>	<b>18,188.97</b>
		<b>19,755.56</b>	<b>20,577.97</b>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	11	7,888.41	7,888.41
(b) Other equity	12	2,850.85	4,277.56
		<b>10,739.26</b>	<b>12,165.97</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
(a) Financial liabilities			
(i) Other financial liabilities	13	308.91	308.91
(b) Provisions	14	802.69	737.19
(c) Deferred tax liabilities (Net)	17	25.25	22.27
(d) Other non-current liabilities	15	-	15.23
		<b>1,136.85</b>	<b>1,083.60</b>
<b>CURRENT LIABILITIES</b>			
(a) Financial liabilities			
(i) Trade payables	16		
- Total outstanding dues of micro enterprises and small enterprises		5.96	10.02
- Total outstanding dues of creditors other than micro enterprises and small enterprises		3,560.57	2,848.44
(ii) Other financial liabilities	13	2,959.21	3,132.40
(b) Provisions	14	131.50	89.50
(c) Other current liabilities	15	1,222.21	1,248.04
		<b>7,879.45</b>	<b>7,328.40</b>
		<b>19,755.56</b>	<b>20,577.97</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			


The accompanying notes 1 to 33 are an integral part of the Financial Statements

In terms of our report attached

For **BSR & Co. LLP**

Chartered Accountants

Firm Registration No. 101248W/W-100022

  
Jayesh T Thakkar

Partner

Membership number: 113959

Place : Mumbai

Date: 30 April 2019

For and on behalf of the Board of Directors of  
Mahindra First Choice Wheels Limited

  
Ashutosh Pandey

Chief Executive Officer

DIN 08166731

  
V. Janakraman

Chief Financial Officer

  
Rajeev Dubey

Director

DIN 00104817

  
Gayathri Iyer

Company Secretary

ACS 38069

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# MAHINDRA FIRST CHOICE WHEELS LIMITED

CIN: U64200MH1994PLC083996

## Statement of Profit and Loss

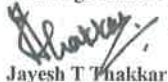
for the year ended 31 March 2019

Rs in lakhs

	Note No.	31 March 2019	31 March 2018
Revenue from operations	18	21,934.93	14,243.36
Other income	19	867.33	357.04
		<u>22,802.26</u>	<u>14,600.40</u>
<b>EXPENSES</b>			
Purchases of stock-in-trade		4,437.10	1,435.43
Changes in inventories of stock-in-trade	20	(270.99)	-
Employee benefits expense	21	5,672.09	5,036.53
Finance costs	22	4.75	12.08
Depreciation and amortisation expense	3 & 4	253.40	267.52
Other expenses	23	14,162.42	11,034.22
<b>Total Expenses</b>		<u>24,258.77</u>	<u>17,785.78</u>
<b>(Loss) before tax</b>		<u>(1,456.51)</u>	<u>(3,185.38)</u>
<b>Tax Expense</b>			
Current tax		-	-
Deferred tax	17	2.98	5.37
<b>Total tax expense</b>		<u>2.98</u>	<u>5.37</u>
<b>(Loss) for the year</b>		<u>(1,459.49)</u>	<u>(3,190.75)</u>
<b>Other comprehensive income for the year</b>			
Items that will not be reclassified to profit or loss and its related income			
(i) Remeasurements of the defined benefit plans		23.73	(95.49)
(ii) Equity instruments through other comprehensive income - net change in fair value		0.61	0.32
<b>Total other comprehensive income / (loss) for the year</b>		<u>24.34</u>	<u>(95.17)</u>
<b>Total comprehensive (loss) for the year</b>		<u>(1,435.15)</u>	<u>(3,285.92)</u>
<b>Earnings per equity share:</b>			
Basic and Diluted	23	(1.85)	(4.32)

The accompanying notes 1 to 33 are an integral part of the Financial Statements  
in terms of our report attached

For BSR & Co. LLP  
Chartered Accountants  
Firm Registration No. 101248W/W-100022

  
Jayesh T Phakkar

Partner  
Membership number: 113959

Place : Mumbai  
Date: 30 April 2019

For and on behalf of the Board of Directors of  
Mahindra First Choice Wheels Limited

  
Ashutosh Pandey

Chief Executive Officer  
DIN 08166731

  
V. Janakiraman

Chief Financial Officer

  
Rajeev Dubey

Director  
DIN- 00104817

  
Gayathri Iyer

Company Secretary  
ACS 38069

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# MAHINDRA FIRST CHOICE WHEELS LIMITED

CIN: U64200MH1994PLC083996

## Statement of changes in equity

as at 31 March 2019

Rs in lakhs

A. Equity share capital	31 March 2019	31 March 2018
<b>Issued, subscribed and paid up</b>		
Balance as at the beginning of the year	7,888.40	7,384.49
Add: Equity shares issued during the year	-	494.14
Add: Allotment of shares by ESOP Trust to employees	-	9.77
Balance as at the end of the year	<b>7,888.40</b>	<b>7,888.40</b>

B. Other Equity	Reserves and Surplus			Items of other comprehensive income		Total
	Retained Earnings	Securities Premium	Share options outstanding account	Equity instrument through other comprehensive income	Remeasurements of the defined benefit obligations	
<b>Balance at 31 March 2017</b>	<b>(13,359.85)</b>	<b>11,392.24</b>	<b>38.59</b>	<b>10.33</b>	<b>(33.90)</b>	<b>(1,952.59)</b>
Loss for the year	(3,190.75)	-	-	-	-	(3,190.75)
Remeasurements of the defined benefit plans	-	-	-	-	(95.49)	(95.49)
Equity instruments through other comprehensive income	-	-	-	0.32	-	0.32
Equity shares issued during the year	-	9,505.91	-	-	-	9,505.91
<b>Total Comprehensive (loss) for the year</b>	<b>(16,550.60)</b>	<b>20,898.15</b>	<b>38.59</b>	<b>10.65</b>	<b>(129.39)</b>	<b>4,267.40</b>
Add: Share option outstanding account	-	-	-	-	-	-
- Impact of ESOP Option Fair valuation on account of allotment of options to employees	-	-	10.16	-	-	10.16
<b>Balance at 31 March 2018</b>	<b>(16,550.60)</b>	<b>20,898.15</b>	<b>48.75</b>	<b>10.65</b>	<b>(129.39)</b>	<b>4,277.56</b>
Loss for the year	(1,459.49)	-	-	-	-	(1,459.49)
Remeasurements of the defined benefit liabilities / (assets)	-	-	-	-	23.73	23.73
Equity instruments through other comprehensive income	-	-	-	0.61	-	0.61
<b>Total Comprehensive income for the year</b>	<b>(18,010.09)</b>	<b>20,898.15</b>	<b>48.75</b>	<b>11.26</b>	<b>(105.66)</b>	<b>2,842.41</b>
Add: Share option outstanding account	-	-	-	-	-	-
- Impact of ESOP Option Fair valuation on account of allotment of options to employees	-	-	8.44	-	-	8.44
<b>Balance at 31 March 2019</b>	<b>(18,010.09)</b>	<b>20,898.15</b>	<b>57.19</b>	<b>11.26</b>	<b>(105.66)</b>	<b>2,850.85</b>

The accompanying notes 1 to 33 are an integral part of the Financial Statements

In terms of our report attached

For B S R & Co. LLP

Chartered Accountants

Firm Registration No. 101248W/W-100022

Jayesh T Thakkar

Partner

Membership number: 113959

Place : Mumbai

Date: 30 April 2019

For and on behalf of the Board of Directors of

Mahindra First Choice Wheels Limited

Ashutosh Pandey

Ashutosh Pandey

Chief Executive Officer

DIN 08166731

V. J. B.

V. Janakiraman

Chief Financial Officer

Rajeev Dubey

Director

DIN- 00104817

Gayathri Iyer

Company Secretary

ACS 38069

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# MAHINDRA FIRST CHOICE WHEELS LIMITED

CIN: U64200MH1994PLC083996

## Statement of Cash Flows

for the year ended 31 March 2019

Rs in lakhs

	31 March 2019	31 March 2018
<b>Cash flows from operating activities</b>		
Loss before tax	(1,456.51)	(3,185.40)
<u>Adjustments for:</u>		
Finance costs recognised in profit or loss	4.75	12.08
Investment and interest income	(744.76)	(252.44)
Dividend Income	(0.12)	(0.15)
Loss on Property, plant and equipment sold / scrap / written off (net)	57.31	2.09
Net (gain) arising on financial asset measured at fair value through profit or loss	(69.30)	(5.90)
Bad debts written off	1,942.76	556.99
Sundry balances written back	(37.39)	-
Allowance for expected credit losses on trade receivables	770.66	650.32
Depreciation and amortisation	253.40	267.52
Share based payment expenses	8.44	10.16
<b>Operating profit / (loss) before working capital changes</b>	<b>729.24</b>	<b>(1,945.40)</b>
<b>Movements in working capital:</b>		
(Increase) in trade receivables	(1,697.14)	(2,292.60)
(Increase) in inventories	(270.99)	-
(Increase) in other assets	(2,028.09)	(446.69)
Increase in trade payables	708.06	1,166.82
Increase in provisions	131.23	188.28
(Decrease) / Increase in other liabilities	(171.60)	1,053.29
	<b>(3,328.53)</b>	<b>(330.90)</b>
Cash used in operations	(2,599.29)	(2,276.30)
Income taxes paid	(558.11)	(129.20)
<b>Net cash used in operating activities</b>	<b>(3,157.40)</b>	<b>(2,405.50)</b>
<b>Cash flows from investing activities</b>		
Inter corporate deposits taken	(3,000.00)	(2,280.00)
Inter corporate deposits matured	680.00	2,880.00
Payments to acquire current investments	(5,925.07)	(1,040.00)
Proceeds on sale of current investments	5,595.43	1,188.46
Bank deposits placed	(6,907.16)	(800.42)
Bank deposits matured	2,427.00	2,649.00
Interest received	465.42	247.51
Other dividends received	0.12	0.15
Payments to acquire property, plant and equipment and other intangible assets	(335.34)	(265.09)
Proceeds from sale of property, plant and equipment	26.23	20.92
<b>Net cash (used in) / from investing activities</b>	<b>(6,973.37)</b>	<b>2,600.53</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity instruments of the Company	-	10,000.05
Interest paid	(4.75)	(12.08)
<b>Net cash (used in) / from financing activities</b>	<b>(4.75)</b>	<b>9,987.97</b>
<b>Net (Decrease) / Increase in cash and cash equivalents</b>	<b>(10,135.52)</b>	<b>10,183.00</b>



# MAHINDRA FIRST CHOICE WHEELS LIMITED

CIN: U64200MH1994PLC083996

## Statement of Cash Flows

for the year ended 31 March 2019

Rs in lakhs

	31 March 2019	31 March 2018
Cash and cash equivalents at the beginning of the year	10,699.29	516.29
Cash and cash equivalents at the end of the year	563.77	10,699.29
Net (Decrease)/Increase as disclosed above	(10,135.52)	10,183.00

The accompanying notes 1 to 33 are an integral part of the Financial Statements  
In terms of our report attached.

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



Jayesh T Thakkar  
Partner  
Membership number: 113959

Place : Mumbai  
Date: 30 April 2019



For and on behalf of the Board of Directors of  
Mahindra First Choice Wheels Limited



Ashutosh Pandey  
Chief Executive Officer  
DIN- 00104817



V. Janakiraman  
Chief Financial Officer



Rajeev Dubey  
Director  
DIN- 00104817



Gayathri Iyer  
Company Secretary  
ACS 38069

# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes to the financial statements for the year ended 31 March 2019

### 1. Corporate information:

The financial statements comprise financial statements of Mahindra First Choice Wheels Limited (“the Company”) or “MFCWL”) for the year ended 31 March 2019. The Company is an unlisted Public Company domiciled in India.

Mahindra First Choice Wheels Limited is principally engaged in the business of facilitating trading in used vehicles through its Franchise network and electronic platform and providing allied products and services, including online pricing guidance, used vehicle inspection and valuation services, yard management services and used vehicles inspection services for insurance.

### 2. Significant Accounting Policies:

#### 2.1 Statement of Compliance:

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (“the Act”) and other relevant provisions of the Act.

#### 2.2 Basis of preparation and presentation:

These financial statements of the Company have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.





# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes to the financial statements for the year ended 31 March 2019 (Continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs for the asset or liability that are not based on observable market data.

### 2.3 Business combinations:

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at fair value on acquisition date and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date.

### 2.4 Goodwill:

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.





# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes to the financial statements for the year ended 31 March 2019 (Continued)

### Estimated impairment of goodwill

The Company tests annually goodwill for any impairment, in accordance with the above accounting policy. The recoverable amount of cash generating units is determined based on value-in-use calculations. These calculations require the use of estimates.

### 2.5 Revenue recognition:

Effective 1 April 2018, Ind AS 115 'Revenue from contracts with customers' has replaced Ind AS 18 'Revenue' and Ind AS 11 'Construction contracts'. The Company has applied Ind AS 115 'Revenue from Contracts with customers' ("herein after referred to as Ind AS 115") effective from 1 April 2018, using modified retrospective approach for the purpose of transition. Accordingly, comparatives for the previous period have not been restated. The application of Ind AS 115 did not have any material impact on the financial results of the Company. Ind AS 115 specifies a uniform, five-step model for revenue recognition, which is generally to be applied to all contracts with customers.

#### Sale of goods:

The Company recognizes revenue from sale of goods measured at the fair value of the consideration received or receivable, upon satisfaction of performance obligation which is at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods. Depending on the terms of the contract, which differs from contract to contract, the goods are sold on are as on able credit term. As per the terms of the contract, consideration that is variable, according to Ind AS 115, is estimated at contract inception and updated thereafter at each reporting date or until crystallisation of the amount.

#### Sale of Services:

- i) Franchise fee - The Company recognizes revenue from the date of activation of the dealer's account on receipt of security deposit.
- ii) Commission Income - The Company recognizes revenue on receipt of seller's confirmation for auction.
- iii) Vehicle valuation fee - The Company recognizes revenue on release of valuation report.
- iv) Inspection Fee - The Company recognizes revenue on release of inspection report.
- v) Yard Management fees - The Company recognizes revenue on accrual basis of entry of the vehicle in the yard.
- vi) Other Operating Income:
  - Warranty income - The Company recognizes revenue on sale of warranty product of a third-party warranty service provider, with no obligations to the Company. A part of warranty income related to road side assistance is deferred over the period of warranty with the Company being the primary obligor.
  - Registration Income – The Company recognizes revenue over the term of registration.
  - Others – The Company recognizes revenue on satisfaction of performance obligation towards rendering of such services.

Significant financing component - Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

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# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes to the financial statements for the year ended 31 March 2019 (Continued)

### 2.6 Dividend and interest income:

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### 2.7 Operating lease rental income:

The income arising from operating leases is accounted on a straight-line basis over the lease terms.

The Company's policy for recognition of revenue from operating leases is described in Note No.- 2.15 below.

### 2.8 Foreign currencies:

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

### 2.9 Employee benefits:

- a) Short term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.
- b) Post-employment benefits
  - i) Defined Contribution Plan: Provident and Family Pension Fund

The eligible employees of the Company are entitled to receive post-employment benefits in respect of provident and family pension fund, in which both employees and the Company make monthly contributions at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary). The contributions are made to Regional Provident Fund Commissioner. Provident Fund and Family Pension Fund are classified as Defined Contribution Plans as the Company has no further obligations beyond making the contribution. The Company's contributions to Defined Contribution Plan are charged to the statement of profit and loss as incurred.

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# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes to the financial statements for the year ended 31 March 2019 (Continued)

### ii) Defined Benefit Plan: Gratuity (unfunded)

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Company accounts the gratuity benefits payable in future based on an independent external actuarial valuation carried out at the end of the year which is determined using the Projected Unit Credit method. Actuarial gains and losses are recognised in the Other Comprehensive Income. Past service cost is recognised immediately to the extent that the benefits are already vested.

### c) Other long-term employment benefits – Compensated Absences

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The Company makes provision for compensated absences based on an independent external actuarial valuation carried out at the end of the year.

## 2.10 Share-based payment arrangements:

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

## 2.11 Taxation:

### a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

### b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary

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# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes to the financial statements for the year ended 31 March 2019 (Continued)

difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### 2.12 Property, plant and equipment:

Property, plant and equipment are stated at cost less depreciation and impairment losses, if any. Costs comprise purchase price net of any trade discounts and rebates and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses directly attributable to acquisition of assets up to the date the asset is ready for its intended use

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Estimated useful life of the assets are given below:

- Leasehold improvements over the period of the lease.
- Office equipment - 2 to 5 years.
- Furniture - 10 years,
- Computers and servers - 3 to 6 years
- Vehicles - 3 years for used vehicles or 5 years for new vehicles.
- Plant and equipment - 5 to 15 years
- Electrical Fitting - 5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes to the financial statements for the year ended 31 March 2019 (Continued)

### 2.13 Intangible assets:

#### a) Intangible assets acquired separately:

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

#### b) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

#### c) Useful lives of intangible assets:

Estimated useful lives of the intangible assets are as follows:

Software	5 years
Website	5 years
Non-Compete Fees	Contractual Terms
Market Information	Contractual Terms
Customer Relationships	7 years
Service Provider Contracts and intellectual property	3 years

### 2.14 Impairment of tangible and intangible assets other than goodwill:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, these assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes to the financial statements for the year ended 31 March 2019 (Continued)

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### 2.15 Leasing:

#### a) The Company as lessor

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

#### b) The Company as lessee

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### 2.16 Inventories:

Inventories are valued at Cost or Net Realisable Value whichever is lower.

### 2.17 Provisions and Contingencies:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes to the financial statements for the year ended 31 March 2019 (Continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

### 2.18 Financial Instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### 2.19 Financial assets

All regular way purchases or sales of financial assets are recognised and de-recognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets are subsequently measured at fair value.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee

### Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.



# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes to the financial statements for the year ended 31 March 2019 (Continued)

### De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

### 2.20 Financial liabilities and equity instruments

#### a) Classification as debt or equity

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

#### c) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

#### Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

#### De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an

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# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes to the financial statements for the year ended 31 March 2019 (Continued)

existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### 2.21 Critical accounting judgements and key sources of estimation uncertainty:

In the application of the Company's accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### Useful lives of Property, plant and equipment and intangible assets

The Company reviews the useful lives of property, plant and equipment and intangible assets at the end of each reporting period. This re-assessment may result in change in depreciation and amortisation expense in future periods.

Depreciation on property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical evaluation, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. Vehicles - 3 years in case of used vehicles or 5 years in case of new vehicles.

### 2.22 Standard issued but not yet effective

In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019 and Companies (Indian Accounting Standards) (Second Amendment) Rules, 2019 notifying Ind AS 116 - 'Leases' and making amendments to various other Ind AS standards viz. Ind AS 12 - 'Income Taxes', Ind AS 19 - 'Employee benefits', Ind AS 23 - 'Borrowing Cost', Ind AS 28 - 'Investments in Associates and Joint Ventures', Ind AS 111 - 'Joint Arrangements', Ind AS 103 - 'Business Combinations' and Ind AS 109 - 'Financial Instruments'. These amendments are

in accordance with the recent amendments made by International Accounting Standards Board (IASB). The amendments are effective from accounting periods beginning from 1 April 2019.

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# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes to the financial statements for the year ended 31 March 2019 (Continued)

### Ind AS 116 – 'Leases'

This standard will supersede Ind AS 17 'Leases'. It abolishes for lessees the previous classification of leasing agreements as either operating or finance leases. Instead, Ind AS 116 introduces a single lessee accounting model, requiring lessees to recognise assets for right to use assets and lease liability representing its obligation to make lease payments. This means that leases which were previously not reported in the Balance Sheet will have to be reported in subsequent reporting periods. The depreciation expense will include amortisation of right to use asset and finance costs will include interest expense on lease liability. Ind AS 116 also provides exception from recognition of right to use asset and lease liability where lease term is less than 12 months or leases for which underlying asset is of low value. In such cases, lease payments are recognised as an expense over lease term either on straight-line basis unless another systematic basis is representative of time pattern of the user's benefit. The Company is in the process of evaluating the impact of the amendment on its financial statements.

### Amendments to Ind AS 12 – 'Income Taxes'

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Further, the amendment to Appendix C specifies that when an entity is uncertain how tax laws applies to a particular transaction or circumstance until the relevant tax authorities or a court takes a decision in future and it is not probable that taxation authorities may accept entities tax position then entity is required to estimate effect of such uncertain position on income tax and deferred tax.

The Company does not expect any significant impact of the amendment on its financial statements.

### Amendment to Ind AS 19 – 'Employee Benefits'

The amendment clarifies that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendment has been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

There is no impact of the amendment on the Company's financial statements.

### Amendment to Ind AS 23 – 'Borrowing Cost'

The amendment clarifies borrowing costs related to specific borrowings that remain outstanding after the related qualifying asset is ready for intended use or sale should subsequently be considered as part of general borrowing costs of an entity.

The amendment does not have significant impact on the Company's financial statements.

### Amendment to Ind AS 28 - 'Investments in Associates and Joint Ventures'

The amendment specifies that entity shall apply Ind AS 109 before applying Ind AS 28 to long term interests in associates and joint ventures that form part of net investment in associate and joint venture but to which equity method is not applied.

The amendment is not applicable to the Company's financial statements.

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# MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes to the financial statements for the year ended 31 March 2019 *(Continued)*

## **Amendment to Ind AS 103 – ‘Business Combination and Ind AS 111 Joint Arrangements’**

The amendment to Ind AS 103 relating to re-measurement clarifies that when an entity obtains control of a business that is a joint operation, then the entity considers such an acquisition as a business combination achieved in stages and accounts for it accordingly i.e., it re-measures previously held interests in that business.

The amendment to Ind AS 111 clarifies that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business.

These amendment are not applicable to the Company's financial statements.

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# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements

as at 31 March 2019

Rs in lakhs

### 3. Property, Plant and Equipment

Description of Assets	Improvements to Leasehold Property	Office Equipment	Furniture and Fixtures	Electrical Fittings	Computers	Vehicles	Total
<b>Gross Block</b>							
Balance as at 31 March 2017	488.23	153.76	64.98	-	368.26	126.30	1,201.53
Additions during the year	5.25	28.60	-	105.32	88.32	9.52	237.01
Deductions / adjustments during the year	284.60	21.17	6.86	-	5.92	22.37	340.92
Balance as at 31 March 2018	208.88	161.19	58.12	105.32	450.66	113.45	1,097.62
Additions during the year	53.92	49.50	3.06	48.85	121.78	20.21	297.32
Deductions / adjustments during the year	208.88	43.14	53.88	-	27.45	24.17	357.52
Balance as at 31 March 2019	53.92	167.55	7.30	154.17	544.99	109.49	1,037.42
<b>Accumulated depreciation</b>							
Balance as at 31 March 2017	410.34	115.34	23.55	-	224.73	42.78	816.74
Depreciation expense for the year	21.81	23.28	5.43	6.82	78.86	32.48	168.68
Deductions / adjustments during the year	270.88	21.03	5.92	-	5.58	14.08	317.49
Balance as at 31 March 2018	161.27	117.59	23.06	6.82	298.01	61.18	667.93
Depreciation expense for the year	13.63	18.42	3.11	26.96	84.40	22.65	169.17
Deductions / adjustments during the year	171.63	40.04	22.84	-	24.34	14.69	273.54
Balance as at 31 March 2019	3.27	95.97	3.33	33.78	358.07	69.14	563.56
<b>Net block</b>							
Net carrying amount as at 31 March 2018	47.61	43.60	35.06	98.50	152.65	52.27	429.69
Net carrying amount as at 31 March 2019	50.65	71.58	3.97	120.39	186.92	40.35	473.86

### 4. Other Intangible Assets

Description of Assets	Computer Software	Websites	Non-Compete Fees	Customer Relationships	Service Provider Contracts	Acquisition of service contracts and Intellectual Property	Total
<b>Gross Block</b>							
Balance as at 31 March 2017	236.75	450.72	4.00	145.00	25.00	33.50	894.97
Additions during the year	28.09	-	-	-	-	-	28.09
Deductions / adjustments during the year	-	-	-	-	-	-	-
Balance as at 31 March 2018	264.84	450.72	4.00	145.00	25.00	33.50	923.06
Additions during the year	6.47	-	-	-	-	-	6.47
Deductions / adjustments during the year	-	-	-	-	-	-	-
Balance as at 31 March 2019	271.31	450.72	4.00	145.00	25.00	33.50	929.53
<b>Accumulated Amortisation Expenses</b>							
Balance as at 31 March 2017	178.89	387.40	1.24	30.36	12.21	10.50	620.60
Amortisation expense during the year	34.76	22.97	1.29	20.71	8.33	10.78	98.84
Deductions / adjustments during the year	-	-	-	-	-	-	-
Balance as at 31 March 2018	213.65	410.37	2.53	51.07	20.54	21.28	719.44
Amortisation expense during the year	24.70	22.97	1.22	20.71	4.45	10.18	84.23
Deductions / adjustments during the year	-	-	-	-	-	-	-
Balance as at 31 March 2019	238.35	433.34	3.75	71.78	24.99	31.46	803.67
<b>Net block</b>							
Net carrying amount as at 31 March 2018	51.19	40.35	1.47	93.93	4.46	12.22	203.62
Net carrying amount as at 31 March 2019	32.96	17.38	0.25	73.22	0.01	2.04	125.86

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# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements as at 31 March 2019

Rs in lakhs

### 5. Investments

	31 March 2019			31 March 2018		
	Quantity	Non-current	Current	Quantity	Non-current	Current
<b>A. Fair value through Other Comprehensive Income</b>						
<i>Unquoted (fully paid-up)</i>						
Equity shares in The Zoroastrian Co-operative Bank Ltd.*	4,000	12.27	-	4,000	11.66	-
<b>B. Fair Value through Profit and Loss</b>						
<i>Quoted Investments in Mutual funds</i>						
Kotak Liquid Scheme Plan A Growth	3,316	-	125.10	-	-	-
UTI Money Market Fund-Growth (MF)	4,942	-	150.72	5,190	-	100.66
ICICI Prudential Liquid Fund- IP - Growth	36,346	-	100.10	-	-	-
Birla Sun Life Cash-Manager-IP-Growth	41,850	-	125.14	-	-	-
		<b>12.27</b>	<b>501.06</b>		<b>11.66</b>	<b>100.66</b>
<b>Other disclosures</b>						
Aggregate amount of unquoted investments		12.27	-		11.66	-
Aggregate Market value of unquoted investments		12.27	-		11.66	-
Aggregate amount of quoted investments		-	501.06		-	100.66

#### Note:

\*The face value of Equity shares of The Zoroastrian Co-operative Bank Ltd. is Rs 25 each  
Refer Note 26 and 28 for disclosures related to liquidity risk and related financial instrument disclosures.

### 6. Trade receivables

	31 March 2019	31 March 2018
Unsecured, considered good	3,336.92	4,315.82
Doubtful	909.62	1,071.48
Less: Allowance for expected credit loss	(909.62)	(1,071.48)
	<b>3,336.92</b>	<b>4,315.82</b>
Dues from related parties	255.68	374.04

Except for above dues from related parties, there are, no trade or other receivables due from directors or other officers of the Company either severally or jointly with any other person and no trade or other receivable due from firms or private companies respectively in which any director is a partner or a director or a member.

Refer Note 26 for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

### 7. Loans

	31 March 2019		31 March 2018	
	Non-current	Current	Non-current	Current
<b>Security Deposits</b>				
Unsecured, considered good	346.96	5.68	217.50	65.53
Doubtful	9.30	4.38	30.42	4.38
Less: Allowance for expected credit loss	(9.30)	(4.38)	(30.42)	(4.38)
	<b>346.96</b>	<b>5.68</b>	<b>217.50</b>	<b>65.53</b>
<b>Loans to related parties</b>				
Unsecured, considered good				
Employee Stock Option Scheme Trust	318.73	-	318.68	-
<b>Other Loans</b>				
Unsecured, considered good				
Corporate Deposits with HDFC Ltd.	-	4,600.00	-	2,280.00
Loans to employees	12.43	9.28	3.01	12.11
	<b>12.43</b>	<b>4,609.28</b>	<b>3.01</b>	<b>2,292.11</b>
	<b>678.12</b>	<b>4,614.96</b>	<b>539.19</b>	<b>2,357.64</b>

Except for above loans to related parties, there are no loans due by directors or other officers of the Company or any of them severally or jointly with other persons or amounts due by firms or private Companies in which any director is a partner or a director or a member.

Refer note 26 for disclosures related to credit risk, impairment under expected credit loss model and related financial instrument disclosures.

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# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements as at 31 March 2019

Rs in lakhs

### 8. Other financial assets

	31 March 2019		31 March 2018	
	Non- Current	Current	Non- Current	Current
Financial assets at amortised cost:				
Bank Deposits with more than 12 months maturity	2.89	-	1.15	-
Other financial assets**	-	2,173.77	-	14.91
	<u>2.89</u>	<u>2,173.77</u>	<u>1.15</u>	<u>14.91</u>

\*\* Other financial asset include receivable out of yard parking fees.

Refer Note 26 for disclosures related to credit risk, impairment under expected credit loss model and related financial instrument disclosures.

### 9. Cash and Bank balances

	31 March 2019	31 March 2018
<b>Cash and cash equivalents</b>		
Balances with banks		
- In current accounts	563.32	10,698.86
Cash on hand	0.45	0.43
	<u>563.77</u>	<u>10,699.29</u>
<b>Other Bank Balances</b>		
Balances with Banks:		
- Fixed deposits with original maturity greater than 3 months but less than 12 months	4,507.00	28.58
	<u>4,507.00</u>	<u>28.58</u>

### 10. Other assets

Particulars	31 March 2019		31 March 2018	
	Non- Current	Current	Non- Current	Current
Capital advances				
Balance with Government authorities*	-	6.88	-	17.98
Advances to Suppliers	99.27	328.13	99.22	350.28
Considered good	-	320.74	-	182.22
Doubtful	-	-	-	73.45
Less: Provision for doubtful advances	-	-	-	(73.45)
	-	<u>320.74</u>	-	<u>182.22</u>
Prepaid Expenses	-	44.50	-	75.77
Deferred expenses	-	31.99	-	45.82
<b>TOTAL</b>	<u>99.27</u>	<u>732.24</u>	<u>99.22</u>	<u>672.07</u>

\* Balance with Government authorities includes Goods and Service Tax (GST) receivable

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# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements

as at 31 March 2019

Rs in lakhs

### 11. Equity Share Capital

	31 March 2019		31 March 2018	
	Number of shares	Amount	Number of shares	Amount
<b>Authorised:</b>				
Number of equity shares of face value Rs 10 each	9,00,00,000	9,000.00	9,00,00,000	9,000.00
<b>Issued, Subscribed and Paid up:</b>				
Number of equity Shares fully paid of face value Rs 10 each	8,18,14,390	8,181.45	8,18,14,390	8,181.45
<b>Shares</b>				
Less: Issued to ESOP Trust constituted under the Employees' Stock Option Scheme (ESOS) but not yet allotted to employees (Refer note below)	29,30,401	293.04	29,30,401	293.04
<b>Total</b>	<b>7,88,83,989</b>	<b>7,888.41</b>	<b>7,88,83,989</b>	<b>7,888.41</b>

#### Note:

The reduction of Rs 293.04 lakhs (29,30,401 Equity shares of Rs 10/- each), {(As at 31 March 2018 – Rs. 293.04 lakhs (29,30,401 equity shares of Rs 10/- each)) and Rs 15.87 lakhs {(As at 31 March 2018 – Rs 15.87 lakhs)} from securities premium are in respect of 3,17,423 Equity Shares of face value Rs 10 each issued at a premium in earlier years, held by ESOS Trust as per the Employee Stock Option Scheme (ESOS).

For details of shares reserved for issue under the Share based payment plan of the company, Refer Note No.- 21A.

#### (i) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year

	31 March 2019		31 March 2018	
	Number of shares	Amount	Number of shares	Amount
<b>Issued, subscribed and paid up:</b>				
Balance at the beginning of the year	7,88,83,989	7,888.41	7,38,44,853	7,384.49
Add: shares issued during the year	-	-	50,39,136	503.92
Less: shares issued to ESOP Trust but not allotted to employees	-	-	-	-
<b>Adjusted issued, subscribed and paid up share capital</b>	<b>7,88,83,989</b>	<b>7888.41</b>	<b>7,88,83,989</b>	<b>7888.41</b>

#### 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.

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, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Ordinary (Equity) shares of the Company rank pari-passu in all respects including voting rights and entitlement to dividend. Out of the above, 33,34,633 Equity Shares have been issued by conversion of convertible debentures into equity shares.

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# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements as at 31 March 2019

Rs in lakhs

### (ii) Details of shares held by the holding company and the ultimate holding company

	Number of Shares Equity Shares with Voting rights
As at 31 March 2019 and 31 March 2018	
Mahindra Holdings Limited, Holding Company	40,231,037
Mahindra & Mahindra Limited, Ultimate Holding Company	-

### (iii) The details of equity shares held by each shareholder holding more than 5% shares:

Name of the shareholder	31 March 2019		31 March 2018	
	No. of shares	% held	No. of shares	% held
Mahindra Holdings Limited	40,231,037	49.17%	40,231,037	49.17%
PHI Management Solutions Pvt Ltd	16,184,054	19.78%	16,184,054	19.78%
Valiant Mauritius Partners FDI Limited	10,928,388	13.36%	10,928,388	13.36%
Manheim Export SARL	7,325,181	8.95%	7,325,181	8.95%

(iv) For the period preceeding five years as on Balance Sheet date, issued, subscribed and paid up capital includes:  
During 2017-2018, Company issued 49,41,170 shares of Rs 10 each at a premium of Rs 192.37 per share.

### (v) Shares reserved for issue under ESOP options:

ESOPs administered under two schemes by a Trust and the Company, have been granted to certain executives and senior employees which will vest in a period of time ranging from 36 months to 60 months from date of grant. The share option outstanding account is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

For details of shares reserved for issue under the Share based payment plan of the Company, please refer note 21A.

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# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements

as at 31 March 2019

Rs in lakhs

### 12. Other Equity

	31 March 2019	31 March 2018
Retained earnings	(18,010.09)	(16,550.60)
Securities premium	20,898.15	20,898.15
Share option outstanding account	57.19	48.75
Equity instruments at fair value through other comprehensive income	11.26	10.65
Remeasurements of the defined benefit plans	(105.66)	(129.39)
<b>Total other equity</b>	<b>2,850.85</b>	<b>4,277.56</b>

#### Retained earnings

Balance as at the beginning of the year	(16,550.60)	(13,359.85)
(Loss) for the year	(1,459.49)	(3,190.75)
<b>Balance at the end of year</b>	<b>(18,010.09)</b>	<b>(16,550.60)</b>

#### Securities Premium

Balance as at the beginning of the year	20,898.15	11,392.24
Shares issue at premium	-	9,505.91
<b>Balance at the end of year</b>	<b>20,898.15</b>	<b>20,898.15</b>

During 2017-2018, the Company issued 49,41,470 shares of Rs 10 each, issued at a premium of Rs 192.37 per share.

The securities premium is created on issue of equity shares. The securities premium of Rs.15.87 lakhs is on the issue of 3,17,423 equity shares in earlier years to the Trust constituted under the Employees Stock Option Scheme but not allotted to employees.

#### Share option outstanding account

Balance as at the beginning of the year	48.75	38.59
Add:- allotment of shares by ESOP Trust to employees	8.44	10.16
<b>Balance at the end of year</b>	<b>57.19</b>	<b>48.75</b>

The above reserve relates to share options granted by the Company to its employees under its Employee Share Option Plan (ESOP). Further information about share-based payments to its employees is set out in note 21A.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company's revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option outstanding account.

#### Equity instruments through other comprehensive income

Balance as at the beginning of the year	10.65	10.33
Remeasurements of the equity instruments through other comprehensive income	0.61	0.32
<b>Balance at the end of year</b>	<b>11.26</b>	<b>10.65</b>

This reserve represents the cumulative gains arising on the revaluation of equity instruments measured at fair value through other comprehensive income. (FVOCI)

#### Remeasurements of the defined benefit plans

Balance as at the beginning of the year	(129.39)	(33.90)
Remeasurements of the defined benefit plans	23.73	(95.49)
<b>Balance at the end of year</b>	<b>(105.66)</b>	<b>(129.39)</b>

This reserve represents the cumulative gains / (losses) arising on remeasurement of the employee's defined benefit plan.

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# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements as at 31 March 2019

Rs in lakhs

### 13. Other Financial Liabilities

	31 March 2019		31 March 2018	
	Non- Current	Current	Non- Current	Current
<b>Other Financial Liabilities Measured at Amortised Cost</b>				
Security Deposits *	-	2,426.29	-	2,650.09
Monies adjusted from share capital and reserves and surplus on account of shares held by ESOS trust	308.91	-	308.91	-
Capital creditors	-	34.96	-	77.61
Other employee related liabilities	-	497.96	-	404.70
<b>Total other financial liabilities</b>	<b>308.91</b>	<b>2,959.21</b>	<b>308.91</b>	<b>3,132.40</b>

**Note:**

\* Deposits are re-payable on demand.

Refer Note 26 for disclosures related to liquidity risk and related financial instrument disclosures.

### 14. Provisions

	31 March 2019		31 March 2018	
	Non- Current	Current	Non- Current	Current
Provision for employee benefits				
- Compensated absences	440.10	92.27	400.47	63.75
- Gratuity (Refer Note 27)	362.59	39.23	336.72	25.75
<b>Total Provisions</b>	<b>802.69</b>	<b>131.50</b>	<b>737.19</b>	<b>89.50</b>

### 15. Other Liabilities

	31 March 2019		31 March 2018	
	Non- Current	Current	Non- Current	Current
Advances received from customers	-	-	-	254.97
Contract liabilities	-	604.57	-	-
Revenue received in advance	-	-	15.23	403.69
<b>Government dues</b>				
i) Provident fund payables	-	46.53	-	41.30
ii) ESIC & Profession Tax	-	3.03	-	2.95
iii) Tax Deducted at Source	-	126.77	-	138.65
iv) Goods and Services Tax (GST)	-	357.95	-	323.12
v) Others	-	0.05	-	0.05
Other liabilities	-	83.31	-	83.31
<b>Total Other Liabilities</b>	<b>-</b>	<b>1,222.21</b>	<b>15.23</b>	<b>1,248.04</b>

### 16: Trade Payables

	31 March 2019	31 March 2018
Total outstanding dues of micro enterprised and small enterprises (Refer note 31)	5.96	10.02
Total outstanding dues of creditors other than micro enterprised and small enterprises	3,560.57	2,848.44
<b>Total Trade Payables</b>	<b>3,566.53</b>	<b>2,858.46</b>

Refer Note 26 for disclosures related to liquidity risk and related financial instrument disclosures.

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# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements

as at 31 March 2019

Rs in lakhs

### 17. Deferred Tax (Assets) / Liabilities (Net)

#### (i) Movement of Deferred Tax

	31 March 2019		
	As at beginning of the year	Acquired in Business Combination and recognised in Profit and Loss	As at end of the year
Tax effect of items constituting deferred tax liabilities on account of Business combination	(22.27)	(2.98)	(25.25)

	31 March 2018		
	As at beginning of the year	Acquired in Business Combination and recognised in Profit and Loss	As at end of the year
Tax effect of items constituting deferred tax liabilities on account of Business combination	(16.90)	(5.37)	(22.27)

ii) Deferred tax assets have not been recognised in respect of following items, because it is not probable that future taxable profit will be available against which the Company can use the benefit therefrom.

	31 March 2019	31 March 2018
Unused Tax losses (capital in nature)	2,003.82	1,543.86
Unused Tax losses (revenue in nature)	7,563.85	6,699.11
<b>Total</b>	<b>9,567.67</b>	<b>8,242.97</b>

The unrecognised tax losses carried forward expire as follows:

Expiry Year	31 March 2019	31 March 2018
Financial year 2016-17	-	680.12
Financial year 2017-2018	-	437.65
Financial year 2018-2019	956.08	966.51
Financial year 2019-2020	746.62	746.62
Financial year 2022-2023	567.39	589.07
Financial year 2023-2024	1,037.41	1,330.80
Financial year 2024-2025	2,362.07	1,948.34
Financial year 2025-2026	1,894.28	-
<b>Total</b>	<b>7,563.85</b>	<b>6,699.11</b>

The income tax expense for the year can be reconciled to the accounting Loss as follows :

	31 March 2019	31 March 2018
Loss before tax	(1,456.51)	(3,185.38)
Income tax expense calculated at 31.20%	(454.43)	(984.28)
Effect of expenses that is non-deductible in determining taxable profit	310.23	303.76
Effect of unused tax losses for which no deferred tax asset is recognised	144.20	680.53
	454.43	984.28
Income tax expense recognised in Statement of Profit or loss	-	-

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# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements for the year ended 31 March 2019

Rs in lakhs

### 18. Revenue from Operations

	31 March 2019	31 March 2018
<b>Revenue from contract with customer:-</b>		
Revenue from sale of products	4,285.98	1,533.22
Revenue from sale of services	16,513.54	11,509.41
<b>Revenue from other sources :-</b>		
Other operating revenues	1,135.41	1,200.73
	<b>21,934.93</b>	<b>14,243.36</b>

#### Note 1:

The management determines that the segment information reported under Note 18 above Segment information is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 Revenue from contract with customers. Hence, no separate disclosures of disaggregated revenues are reported.

Sale of products comprises of:

- Sale of Used vehicles and products	4,285.98	1,533.22
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Sale of services comprises of:

- Franchisee fees	3,426.94	3,776.58
- Commission income	1,211.14	976.99
- Vehicle valuation fees	2,778.28	1,826.73
- Vehicle preinspection fees	1,739.05	1,475.05
- Yard management parking fee	5,994.57	2,542.20
- Indian blue book income	583.49	488.83
- Other services	780.07	423.03
<b>Revenue from rendering of services</b>	<b>16,513.54</b>	<b>11,509.41</b>

Other operating revenues comprises of:

- Warranty income	669.96	752.76
- Forfeiture of Earnest Monet Deposits collected	229.49	223.75
- Deferred income	235.96	224.22
<b>Other operating revenue</b>	<b>1,135.41</b>	<b>1,200.73</b>

#### Note 2:

Reconciliation of Financial statement in Ind AS 115 as compared to Ind AS 18

Particulars	As reported	Adjustments Without Adoption of Ind AS 115	Remark
Revenue from Operations	13,900.24	343.12	14,243.36
Other Expenses	10,691.10	343.12	11,034.22

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# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements for the year ended 31 March 2019

Rs in lakhs

### 19. Other Income

	31 March 2019	31 March 2018
Interest Income		
- On corporate deposits	362.67	185.82
- Bank deposits	358.41	42.99
- Others	22.62	23.63
Dividend income		
- on investments carried at fair value through other comprehensive income	0.12	0.15
Operating lease rental income	15.76	97.88
Net gain/(loss) recorded in profit or loss on Mutual Funds designated at FVTPL	69.30	5.91
Net gain/(loss) arising on financials assets designated at Fair value through Profit and Loss account (FVTPL)	1.06	0.66
Sundry balances written back	37.39	-
<b>Total Other Income</b>	<b>867.33</b>	<b>357.04</b>

### 20. Changes in inventories of stock-in-trade

Opening Inventories	-	-
Stock-in-trade	-	-
Less: Closing Inventories	(270.99)	-
Stock-in-trade	<b>(270.99)</b>	<b>-</b>

### 21. Employee benefits expense

	31 March 2019	31 March 2018
Salaries and wages, including bonus	5,166.85	4,513.58
Contribution to provident and other funds	293.14	263.19
Share based payments to employees (see Note 21A)	8.44	10.16
Staff welfare expenses	203.66	249.60
<b>Total Employee benefits expense</b>	<b>5,672.09</b>	<b>5,036.53</b>

#### 21A Employee share option plan of the company

##### 1.1. Details of the employees share option plan of the Company

Mahindra First Choice Wheels Limited has share option schemes under which the employees have an option to subscribe for the Company's shares which have been granted to certain executives and senior employees. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

Each employee share option converts into the equity share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of expiry.

The number of options granted is calculated in accordance with the performance-based formula approved by shareholders at the previous annual general meeting and is subject to approval by the remuneration committee. The formula rewards executives and senior employees to the extent of the Company's and the individual's achievement judged against both qualitative and quantitative criteria from various financial and customer service measures.

The Company has framed an Equity settled "Employee Stock Option Scheme (ESOS), 2010" for its employees. It has a trust viz. Mahindra First Choice Wheels Limited Employees' Stock Option Trust" (ESOS trust), which would hold the shares for the benefit of the eligible employees, including Directors of the Company and its subsidiaries. In addition to the above, the Company has also settled "Employee Stock Option Scheme (ESOS), 2015" for its employees.

The following share-based payment arrangements were in existence during the current and prior years.

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# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements

for the year ended 31 March 2019

Rs in lakhs

### 21A Employee share option plan of the company (continued)

Options series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date (Rs per option)
1	23,36,483	4 <sup>th</sup> Oct 2010	3 <sup>rd</sup> Oct 2015	10	0.70
2	9,21,817	31 <sup>st</sup> Aug 2012	30 <sup>th</sup> Aug 2017	10	2.46
3	7,52,226	21 <sup>st</sup> Apr 2013	20 <sup>th</sup> Apr 2018	10	2.93
4	2,67,463	2 <sup>nd</sup> Sept 2013	1 <sup>st</sup> Sept 2018	10	2.93
5	16,76,702	30 <sup>th</sup> July 2015	29 <sup>th</sup> July 2020	10	0.69
6	1,15,357	27 <sup>th</sup> Jan 2016	26 <sup>th</sup> Jan 2021	10	0.69
7	3,75,307	25 <sup>th</sup> Oct 2016	24 <sup>th</sup> Oct 2021	10	1.25
8	33,937	25 <sup>th</sup> Jan 2017	24 <sup>th</sup> Jan 2022	10	1.25
9	57,348	27 <sup>th</sup> Jul 2017	26 <sup>th</sup> Jul 2022	10	2.41
10	4,48,180	16 <sup>th</sup> Oct 2017	15 <sup>th</sup> Oct 2022	10	2.41
11	2,94,759	15 <sup>th</sup> Oct 2018	14 <sup>th</sup> Oct 2023	10	2.49
12	61,347	16 <sup>th</sup> Jan 2019	16 <sup>th</sup> Jan 2024	10	2.49

#### 1.2 Fair value of share options granted in the year

The weighted share value of share option granted during the financial year is Rs. 2.49 (during the year ended 31 March 2018: Rs. 2.41). Options were priced using the Black-Scholes-Merton pricing model. An average exercise period of 4 years has been assumed based on our estimate. In view of the losses, expected volatility is based on various considerations.

Inputs into the model	Option series											
	Series 1	Series 2	Series 3	Series 4	Series 5	Series 6	Series 7	Series 8	Series 9	Series 10	Series 11	Series 12
Grant date share price (Rs.)	5/-	8/-	9/-	9/-	5/-	5/-	6/-	6/-	8/-	8/-	7/-	7/-
Exercise price (Rs.)	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-
Expected volatility	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Option life (Years)	5	5	5	5	5	5	5	5	5	5	5	5
Dividend yield	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Risk-free interest rate	7.64%-8.38%	8.16%-8.36%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%

#### 1.3 Movements in share options during the year

The following reconciles share options outstanding at the beginning and end of the year:

	31 March 2019		31 March 2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of year	37,22,952	Rs. 10	41,57,617	Rs. 10
Granted during the year	3,56,106	Rs. 10	5,05,528	Rs. 10
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	97,666	Rs. 10
Lapsed / Expired during the year	4,29,869	Rs. 10	8,42,527	Rs. 10
<b>Balance at end of year</b>	<b>36,49,189</b>	<b>Rs. 10</b>	<b>37,22,952</b>	<b>Rs. 10</b>

All outstanding options are exercisable at the end of the respective reporting period.

#### 1.4 Share options outstanding at the end of the year

The share option outstanding at the end of the year had weighted average exercise price of Rs.10 (as at 31 March 2018: Rs. 10), and the weighted average remaining contractual life of 33 months (as at 31 March 2018: 33 months).

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# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements for the year ended 31 March 2019

Rs in lakhs

### 22. Finance cost

	31 March 2019	31 March 2018
Interest expense		
- On others	4.75	12.08
<b>Total Finance cost</b>	<b>4.75</b>	<b>12.08</b>

### 23. Other Expenses

Power and Fuel	73.45	52.52
Repairs and maintenance - Others	62.96	31.12
Rent- Yards	3,743.04	2,039.06
Rent- Other premises	478.58	442.79
Rates and taxes	5.08	4.65
Warranty related expenses	207.73	236.44
Vehicle Valuation expenses	1,213.88	607.59
Preinspection expenses	1,533.19	1,308.29
Printing and stationary	43.19	49.58
Deputation Charges	-	168.00
Office expenses	51.89	40.92
Bad debts written off (net)	1,942.76	556.99
Information Technology Costs	407.32	380.35
Internet Charges	56.89	69.77
Communication charges	90.99	110.56
Insurance charges	7.54	11.16
Allowance for Expected Credit Losses	770.66	650.33
Auditor's remuneration and out-of-pocket expenses (See Note below)	20.26	16.21
Director Sitting Fees	4.00	3.40
Professional fees	387.67	596.76
Advertisement, Promotion and Selling Expenses (Refer note 18)	1,323.06	2,035.02
Travelling Expenses	855.36	1,000.28
Loss on sale / discardment of Property, plant and equipment	57.31	2.09
Commission Expenses	563.47	440.60
Miscellaneous expenses	262.14	179.74
<b>Total Other Expenses</b>	<b>14,162.42</b>	<b>11,034.22</b>

#### Note:

Auditor's remuneration and out-of-pocket expenses details:

Audit Fees	19.00	16.00
Other services	-	-
Reimbursement of expenses	1.26	0.21
	<b>20.26</b>	<b>16.21</b>

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# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements

for the year ended 31 March 2019

Rs in lakhs

### 24. Earnings per share

#### Basic and Diluted Earnings Per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	31 March 2019	31 March 2018
Loss for the year	(1,459.49)	(3,190.75)
Weighted average number of equity shares used in the calculation of basic and diluted earnings per share.	78,786,323	73,899,006
Basic and diluted earnings per share	(1.85)	(4.32)

### 25. Contingent liabilities and commitments

Claims against the Company not acknowledged as debts comprise of:

Demands raised by Income tax department where the Company is in appeal	34.87	3.79
Demand raised by Maharashtra VAT Department where the Company is in appeal	798.66	798.58
<b>Total</b>	<b>833.53</b>	<b>802.37</b>

Note: In respect of above items, till the matters are finally decided, the financial effect cannot be ascertained.

In February 2019, Supreme court of India in its judgement opined on the applicability of allowances that should be considered to measure obligation under Employee Provident Fund Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and therefore has currently not considered any probable obligation for past period.





# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements

for the year ended 31 March 2019

Rs in lakhs

### 26. Financials Instruments

#### Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to maximise the shareholders value.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

#### Categories of financial assets and financial liabilities

Particulars	31 March 2019			Total
	Amortised Cost	Fair value through Profit or loss	Fair Value through other comprehensive Income	
<b>Non-current Assets</b>				
Investments	-	-	12.27	12.27
Security Deposits and Loans	678.12	-	-	678.12
Bank Deposit with more than 12 months maturity	2.89	-	-	2.89
<b>Current Assets</b>				
Investments	-	501.06	-	501.06
Trade Receivables	3,336.92	-	-	3,336.92
Cash and Cash equivalent	563.77	-	-	563.77
Bank Balances other than Cash and Cash equivalent	4,507.00	-	-	4,507.00
Security Deposits and Loans	4,614.96	-	-	4,614.96
Accrued Income	2,173.77	-	-	2,173.77
<b>Non-current Liabilities</b>				
<b>Other Financial Liabilities</b>				
Shares held by ESOS trust	308.91	-	-	308.91
<b>Current Liabilities</b>				
<b>Trade Payables</b>				
Trade Payables	3,566.53	-	-	3,566.53
<b>Other Financial Liabilities</b>				
Deposits received from Dealers	2,426.29	-	-	2,426.29
Capital Creditors	34.96	-	-	34.96
Other employee related liabilities	497.96	-	-	497.96
<b>31 March 2018</b>				
Particulars	31 March 2018			Total
	Amortised Cost	Fair value through Profit or loss	Fair Value through other comprehensive Income	
<b>Non-current Assets</b>				
Investments	-	-	11.66	11.66
Security Deposits and Loans	539.19	-	-	539.19
Bank Deposit with more than 12 months maturity	1.15	-	-	1.15
<b>Current Assets</b>				
Investments	-	100.66	-	100.66
Trade Receivables	4,315.82	-	-	4,315.82
Cash and Cash equivalent	10,699.29	-	-	10,699.29
Bank Balances other than Cash and Cash equivalent	28.58	-	-	28.58
Security Deposits and Loans	2,357.64	-	-	2,357.64
Accrued Income	14.91	-	-	14.91
<b>Non-current Liabilities</b>				
<b>Other Financial Liabilities</b>				
Shares held by ESOS trust	308.91	-	-	308.91
<b>Current Liabilities</b>				
<b>Trade Payables</b>				
Trade Payables	2,858.46	-	-	2,858.46
<b>Other Financial Liabilities</b>				
Deposits received from Dealers	2,650.09	-	-	2,650.09
Trade Payables for Capital Assets	77.61	-	-	77.61
Other employee related liabilities	404.70	-	-	404.70

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# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements for the year ended 31 March 2019

Rs in lakhs

### CREDIT RISK

#### (i) Credit risk management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure are continuously monitored.

#### Trade Receivables

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The Company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses. The Company has taken security deposits which are considered as collateral and these are considered in determination of expected credit losses, where applicable.

Amounts pertaining to these collaterals are as given below:-

Particulars	Rs in lakhs	
	31 Mar 2019	31 Mar 2018
Security Deposits from franchisees	1,321.98	1,672.68

There is no change in estimation techniques or significant assumptions during the reporting period.

The loss allowance provision is determined as follows:

Particulars	Not due	31 March 2019		Total
		Less than 6 months past due	More than 6 months past due	
Gross carrying amount	-	2,990.80	1,255.74	4,246.54
Allowance for Expected Credit Losses	-	-	909.62	909.62

Particulars	Not due	31 March 2018		Total
		Less than 6 months past due	More than 6 months past due	
Gross carrying amount	-	2,932.16	2,455.14	5,387.30
Allowance for Expected Credit Losses	-	-	1,071.48	1,071.48

In respect of other financial assets, the maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets.

#### Reconciliation of loss allowance provision for Trade Receivables

Particulars	31 March 2019	31 March 2018
Balance as at beginning of the year	1,071.48	647.12
Impairment losses recognised in the year based on lifetime expected credit losses	770.66	650.33
Amounts written off during the year as uncollectible	(932.52)	(225.97)
Balance at end of the year	909.62	1,071.48

### LIQUIDITY RISK

#### (i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which provides guidance for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by efficient management of surplus cash and by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

#### (ii) Maturity profile of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
<b>Non-derivative financial liabilities</b>				
<b>31 March 2019</b>				
Non-interest bearing				
- Trade payable for goods and services	3,566.54	-	-	-
- Security Deposit	2,426.29	-	-	-
- Capital creditors	34.96	-	-	-
- Shares held by ESOS trust	-	308.91	-	-
- Other employee related liabilities	497.96	-	-	-
<b>Total</b>	<b>6,525.75</b>	<b>308.91</b>	-	-
<b>31 March 2018</b>				
Non-interest bearing				
- Trade payable for goods and services	2,858.46	-	-	-
- Security Deposit	2,650.09	-	-	-
- Capital creditors	77.61	-	-	-
- Shares held by ESOS trust	-	308.91	-	-
- Other employee related liabilities	404.70	-	-	-
<b>Total</b>	<b>5,990.86</b>	<b>308.91</b>	-	-



# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements

for the year ended 31 March 2019

Rs in lakhs

### 27. Employee benefits

#### (a) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating Rs. 293.14 lakhs (Previous Year: Rs.263.19 lakhs ) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

#### (b) Defined Benefit Plans:

##### Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

##### Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit.

##### Changes in bond yields

A decrease in government bond yields will increase plan liabilities.

##### Inflation risk

Some of the Company's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities. Thus, an increase in inflation will also increase the deficit to some extent.

##### Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at	
	31 March 2019	31 March 2018
Discount rate(s)	7.50%	7.80%
Expected rate(s) of salary increase	10.00%	10.00%

#### Defined benefit plan – as per actuarial valuation on 31 March 2019

	Unfunded Plan Gratuity	
	31 March 2019	31 March 2018

Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:

<b>I. Amounts recognised in profit or loss</b>		
Current Service Cost	98.63	63.54
Past service cost	-	16.70
Net interest expense	27.27	15.00
<b>Total amount included in employee benefit expense</b>	<b>125.90</b>	<b>95.24</b>
<b>II. Amounts recognised in other comprehensive income</b>		
Remeasurement (gain)/losses:		
Actuarial (gain)/losses arising from changes in -		
- financial assumptions	9.85	77.52
- experience adjustments	(6.76)	23.25
- demographic adjustments	(26.82)	(5.28)
<b>Total amount recognised in other comprehensive income</b>	<b>(23.73)</b>	<b>95.49</b>

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# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements for the year ended 31 March 2019

Rs in lakhs

<b>III. Changes in the obligation</b>		
Opening defined benefit obligation	362.46	200.42
Current service cost	98.63	63.54
Past service cost	-	16.70
Interest expense	27.27	15.00
Remeasurement gains / (losses) arising from changes in -		
i. Demographic Assumptions	(26.82)	(5.28)
ii. Financial Assumptions	9.85	77.51
iii. Experience Adjustments	(6.76)	23.25
Benefits paid	(62.81)	(28.68)
Closing defined benefit obligation	401.82	362.46
Current portion of the above	39.23	25.75
Non-Current portion of the above	362.59	336.72
<b>IV. Actuarial assumptions</b>	<b>31 March 2019</b>	<b>31 March 2018</b>
1. Discount rate	7.50%	7.80%
2. Attrition rate		
Age in Years 21-44	18.00%	12.00%
Age in Years 45-59	1.00%	1.00%
3. Medical premium inflation	7.00%	7.00%

### SENSITIVITY ANALYSIS

	31 March 2019		31 March 2018	
	Discount Rate	Salary Escalation Rate	Discount Rate	Salary Escalation Rate
Defined Benefit obligation plus 100bps	370.58	432.43	327.04	397.61
Defined Benefit obligation minus 100bps	437.97	374.05	404.46	331.29

The above sensitivities analysis have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

### PROJECTED PLAN CASH FLOW

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date.

Maturity Profile	31 March 2019	31 March 2018
Expected Benefits for Year 1	39.23	25.75
Expected Benefits for Year 2	36.97	25.66
Expected Benefits for Year 3	38.05	25.52
Expected Benefits for Year 4	41.38	25.95
Expected Benefits for Year 5	41.21	28.54
Expected Benefits for Year 6	62.25	28.65
Expected Benefits for Year 7	55.07	49.36
Expected Benefits for Year 8	32.03	44.11
Expected Benefits for Year 9	19.15	26.13
Expected Benefits for Year 10 and above	533.49	778.01

The weighted average duration of the defined benefit obligation as at 31 March 2019 is 8.35 years (31 March 2018: 10.62 years)

### Experience Adjustments :

	2019	2018	Year Ended	2016	2015
			2017		
1. Defined Benefit Obligation	401.82	362.46	200.42	128.99	109.22
2. Fair value of plan assets	-	-	-	-	-
3. Surplus/(Deficit)	(401.82)	(362.46)	(200.42)	(128.99)	(109.22)
4. Experience adjustment on plan liabilities [(Gain)/Loss]	(6.76)	23.25	10.76	11.09	(0.97)
5. Experience adjustment on plan assets [Gain/(Loss)]	-	-	-	-	-

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.





# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements for the year ended 31 March 2019

Rs in lakhs

### 28. Fair Value Measurement

#### Fair Valuation Techniques and Inputs used - Recurring Items

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	31 March 2019	31 March 2018				
1) Investment in equity instruments at FVTOCI (Unquoted)	12.27	11.66	Level 3	Unquoted bid prices	Long term revenue growth rates.	An increase in the long-term revenue growth rates used in isolation would result in a significant increase in the fair value.
2) Mutual Fund Investments (Quoted)	501.06	100.66	Level 1	Quoted bid prices in an active market	-	-

#### Fair value of financial assets and financial liabilities that are not measured at fair value i.e. measured using amortised cost

The carrying value of other financial assets and liabilities represent reasonable estimate of fair value.

#### Fair Valued Hierarchy as at 31 March 2019

Financial assets	Level 1	Level 2	Level 3	Total
<u>Non- Current Financial Assets carried at Amortised Cost</u>				
- Non-current investments	-	-	12.27	12.27
<u>Current Financials Assets carried at Amortised Cost</u>				
- Current Investments	501.06	-	-	501.06
Total	501.06	-	12.27	513.33



# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements for the year ended 31 March 2019

Rs in lakhs

### 29. Leases

#### Particulars Details of leasing arrangements

31 March 2019 31 March 2018

#### As Lessee

##### Operating Lease

The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are non-cancellable and are for a period of 3 to 4 years and may be renewed for a further period of 1-3 years based on mutual agreement of the parties.

#### Future non-cancellable minimum lease commitments

not later than one year

438.05

197.40

later than one year and not later than five years

630.26

158.85

later than five years

-

-

#### Expenses recognised in the Statement of Profit and Loss

Minimum Lease Payments

4,221.62

2,481.85





# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements

for the year ended 31 March 2019

Rs in lakhs

### 30. Related Party Transactions:

#### List of Related Parties and Relationships:

Mahindra & Mahindra Limited	Ultimate Holding Company
Mahindra Holdings Limited	Holding Company
Mahindra & Mahindra Financial Services Limited	Fellow Subsidiary Company
Mahindra Integrated Business Solutions Private Limited (Formerly known as Mahindra BPO Services Private Limited)	Fellow Subsidiary Company
Mahindra First Choice Services Limited	Fellow Subsidiary Company
Mahindra Agri Solutions Ltd	Fellow Subsidiary Company
Mahindra World City Developers Limited	Fellow Subsidiary Company
NBS International Limited	Fellow Subsidiary Company
Mahindra Intertrade Ltd	Fellow Subsidiary Company
Mahindra Two Wheelers Ltd	Fellow Subsidiary Company
Mahindra Lifespace Developers Ltd	Fellow Subsidiary Company
MFCWL Employees Stock Option Trust	ESOS Trust Company
Ashutosh Pandey (from 2 July 2018)	CEO - Key Management Personnel
V. Janakiraman	CFO - Key Management Personnel
Rupa Agarwal (till 9 November 2018)	CS- Key Management Personnel
Gayatri Iyer (from 16 January 2019)	CS- Key Management Personnel

Details of transaction between the company and other related parties are disclosed below:

	31 March 2019	31 March 2018
<b>Trade Payables</b>		
Ultimate Holding Company	119.87	295.00
Fellow Subsidiary Companies	7.89	8.94
<b>Trade Receivables</b>		
Ultimate Holding Company	12.00	21.51
Fellow Subsidiary Companies	243.69	352.53
<b>Security Deposit Received</b>		
Fellow Subsidiary Companies	-	26.40
<b>Loan Given</b>		
ESOS Trust	318.73	318.68
<b>Purchases</b>		
Ultimate Holding Company	9.70	92.38
Fellow Subsidiary Companies	8.94	58.78
<b>Expenditure</b>		
<b>Rent</b>		
Ultimate Holding Company	11.26	7.50
Fellow Subsidiary Companies	21.48	28.62
<b>Reimbursement of Cost</b>		
Ultimate Holding Company	164.52	103.99
Fellow Subsidiary Companies	1.05	3.63



# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements

for the year ended 31 March 2019

Rs in lakhs

	31 March 2019	31 March 2018
<b>Travelling Expenses</b>		
Ultimate Holding Company	20.77	3.92
<b>Professional Fees</b>		
Ultimate Holding Company	17.47	51.44
Fellow Subsidiary Companies	48.47	32.31
<b>Income from Services</b>		
Ultimate Holding Company	22.65	26.69
Fellow Subsidiary Companies	1,199.93	869.79
<b>E-Platform Development Fees</b>		
Fellow Subsidiary Companies	-	4.50
<b>Recovery From Group Companies</b>		
Ultimate Holding Company	7.06	3.88
Fellow Subsidiary Companies	12.42	50.55
<b>Payable to Group Companies</b>		
Fellow Subsidiary Companies	-	8.94
<b>Key Management Personnel Remuneration</b>		
Chief Executive Officer & Managing Director	211.88	168.00

### 31. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

	31 March 2019	31 March 2018
i. The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year	5.96	10.02
ii. The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
iii. The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
iv. The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
v. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-
Particulars	-	-
Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.	-	-

### 32. Segment Information

The Company is engaged in providing various value added services to their customers in the used vehicle segment. The information reported to the Chief Operating Decision Maker (CODM) primarily revolves around the revenue generated by each area of business, while he evaluates operational performance on an overall company basis, both from cost and profitability perspectives. Similarly the Board reviews the results from an organizational perspective as well.

Manpower, which is a critical resource, is fungible between the areas of business to maximize effectiveness. Similarly, the Company leverages its product and service delivery structures for offering a suite of services to its customers across all areas of business. Additionally, there are costs incurred towards advertisement, which is another major cost driver, such that its impact permeates across all areas of the Company's. Thus, considering the high interchangeability of its resources and processes for delivering it is objective of serving the used car eco market and the fact that its results are reviewed at an organizational level, the company is a single operating segment.

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# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements for the year ended 31 March 2019

Rs in lakhs

### 33. Regrouping

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

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



Jayesh T Thakkar  
Partner  
Membership number: 113959

Place : Mumbai  
Date: 30 April 2019



For and on behalf of the Board of Directors of  
Mahindra First Choice Wheels Limited



Ashutosh Pandey  
Chief Executive Officer  
DIN 08166731



V. Janakraman  
Chief Financial Officer



Rajeev Dubey  
Director  
DIN 00104817



Gayathri Iyer  
Company Secretary  
ACS 38069