

Directors' Report to the Shareholders of Mahindra First Choice Wheels Limited

Your Directors present their Twenty Sixth Report together with the audited financial statements of your Company for the year ended 31st March, 2020.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS**(Rs.in Lakhs)**

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Total Income	37,581.27	22,802.27
Profit/(Loss) before Depreciation, Finance Costs and Taxation	53.48	(1,198.36)
Less: Depreciation and Amortization	635.57	253.40
Less: Impairment of Capital work in progress and Intangibles under development	-	-
Profit/(Loss)/ before Finance costs and Tax	(582.09)	(1,451.76)
Less: Finance Costs	121.57	4.75
Profit/(Loss) before Exceptional Item	(703.66)	(1,456.51)
Less/ Add: Exceptional Item	-	-
(Loss) /Profit before Tax	(703.66)	(1,456.51)
Provision for Tax/tax of earlier years	(2.60)	2.98
Profit / (Loss) for the year	(701.06)	(1,459.49)
Other Comprehensive Income, net of tax	(17.10)	24.34
Total Comprehensive income for the period	(17.10)	24.34
Balance of Profit/(Loss) for earlier years	(18,010.08)	(16,550.60)
Profit or (Loss) for the year	(701.06)	(1,459.49)
Balance of Profit/ (Loss) carried forward	(18,711.14)	(18,010.09)
Net Worth	10,029.74	10,739.26

The Company foresees the COVID crisis to be a turning point in its favour in several ways. First, the trend towards organization in this hitherto unorganized industry is likely to gather pace. Second, as hygiene and social distancing becomes important considerations, prospective customers are likely to increasingly opt for personal vehicles over public transport, at least in the short to medium term. Third, the impact of lower discretionary household spends is likely to bring used cars into serious purchase consideration by customers across the socio-economic spectrum. Finally, there is

likelihood of a short term spurt in repossessions along with a systemic move from unorganized to organized channel amongst banks, NBFCs and fleets. The Company envisages that while used car retailers might face challenges during Q1, there is evidence of pent-up demand (validated through customer and dealer research) that will improve sales from Q2. In Enterprise business, the partial opening of lock-down has already seen a spurt in activity, and as situation eases, the business should return to near normalcy. The Procurement business will get impacted due to fewer trade-ins at new car dealerships until the festive season, though the percentage of trade-ins will be undoubtedly higher than in the past. The Company's collections of receivables aren't likely to be materially affected, since most of our large clients are banks, prominent NBFCs and corporates.

In view of the above, there are no material changes and commitments affecting the financial position of the Company after the end of financial year till the date of this report.

DIVIDEND

In view of the losses, your Directors have not considered dividend for the year under review.

No amount was required to be transferred to Investor Education and Protection fund for the year under review.

AMOUNTS TRANSFERRED TO RESERVES

In view of the losses, no amount has been transferred to reserves for the year under review.

OPERATIONS

During the year under review, the Company registered a growth in revenue of 66% over the previous year. Most areas of business have registered an impressive growth during the year under review, particularly in the Wholesale Bulk and Procurement businesses. The Franchise business, despite headwinds, expanded its network with presence all over the country. It continued to offer better dealer value proposition through its various offerings like warranty, road-side assistance, generation of leads etc.

The Company's online business also witnessed good growth during the financial year. Even as the mature businesses like Auction and Inspection continued to outperform, the online price guide has gained significant acceptance from leading market players. Yard Management services business continues to receive high traction from the customers. The pre-insurance business also registered good growth during the year, while its delivery model continues to help leverage the other offerings of the Company with its pan-India presence. During the year, the Company acquired Fifth Gear Ventures Limited (carnbike), which added additional depth to its Digital business.

The Company continues to focus on driving synergies between its online and physical business for long term sustainable growth through phygital business model.

COMMENCEMENT OF NEW BUSINESS ACTIVITIES

During the year under review, your Company after obtaining your approval and complying with necessary formalities including Amendment of Memorandum of Association, commenced new business activities pertaining to Field Inspection Services. This would be scaled up in the current Financial Year.

SHARE CAPITAL

The issued and paid up Equity Share Capital of the Company stood at Rs. 81,81,43,900/- as at the end of the financial year under review. The Authorised Share Capital of the Company continued to be at Rs.90,00,00,000 as at the end of the year under review.

HOLDING COMPANY

Mahindra Holdings Limited is the Holding Company of your Company.

SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

Your Company acquired 100 % equity in Fifth Gear Ventures Limited ("FGVL") during the year under review. FGVL became the wholly owned subsidiary of the Company with effect from 3rd February, 2020.

CONSOLIDATED FINANCIAL STATEMENTS

The Ministry of Corporate Affairs vide its Notification G.S.R 742(E) dated 27th July, 2016, exempted subsidiary Company from preparation and presentation of Consolidated Financial Statements, provided the Company meets the conditions as mentioned in the said Notification.

Accordingly, the Company has not prepared Consolidated Financial Statements since it has met all requirements mentioned in the aforesaid notification.

BOARD OF DIRECTORS

Composition of the Board of Directors, as at the end of the Financial Year under review, was as follows:

Sr. No.	Name of Director & DIN	Designation	Executive / Non - Executive	Independent/Non Independent
1.	Mr. Anand Mahindra* (DIN: 00004695)	Chairman	Non-Executive	Non Independent
2.	Mrs. Sangeeta Talwar (DIN: 00062478)	Director	Non-Executive	Independent
3.	Mr. Narendra Mairpady (DIN: 00536905)	Director	Non-Executive	Independent

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4.	Mr. Sanjay Labroo (DIN: 00009629)	Director	Non-Executive	Non Independent
5.	Mr. Rajeev Dubey (DIN: 00104817)	Director	Non-Executive	Non Independent
6.	Dr. Pawan Kumar Goenka* (DIN: 00254502)	Director	Non-Executive	Non Independent
7.	Mr. Rajesh Jejurikar* (DIN: 00046823)	Director	Non-Executive	Non Independent
8.	Mr. V S Parthasarathy ** (DIN: 00125299)	Director	Non-Executive	Non- Independent
9.	Mr. Ramesh Iyer (DIN: 00220759)	Director	Non-Executive	Non Independent
10.	Mr. Rob Huting (DIN: 07976619)	Director	Non-Executive	Non Independent
11.	Mr. Padmanabhan Sivaram (DIN: 00066864)	Director	Non-Executive	Non Independent
12.	Mr. Christopher Hansen (DIN: 07189662)	Director	Non-Executive	Non Independent
13.	Mr. Anupam Thareja (DIN: 01091533)	Director	Non-Executive	Non Independent
14.	Mr. Ashutosh Pandey (DIN: 08166731)	Managing Director & CEO	Executive	Non Independent

*Subsequent to the closure of financial year under review, following Directors resigned from the Board:

Dr. Pawan Kumar Goenka resigned as director with effect from 28th April, 2020. Mr. Anand Mahindra resigned as Director and Chairman of the Board from the closure of the Board Meeting held on 9th May, 2020 and Mr. Rajesh Jejurikar resigned as Director from the closure of the Board Meeting held on 9th May, 2020.

The Board placed on record its sincere and deep appreciation for their contribution during their tenure as Director in the Company.

** Mr. V S Parthasarathy was appointed as an Additional Director of the Company with effect from 9th March, 2020.

Mr. Rajeev Dubey was appointed as Chairman of the Board with effect from 9th May, 2020 and Mr. V S Parthasarathy was appointed as Vice Chairman of the Board with effect from 14th May, 2020.

Mr. Rajeev Dubey (DIN: 00104817), Mr. Christopher Hansen (DIN:07189662) and Mr. P Sivaram (DIN: 00066864) retire by rotation and being eligible, have offered themselves for reappointment.

During the year under review, based on the opinion of the Board that the Independent Directors are persons of integrity and have the required expertise and experience and expertise, Mrs. Sangeeta Talwar was re-appointed as an Independent Director of the Company by way of special resolution at the Extra Ordinary General Meeting of the Company held on 9th March, 2020 to hold office for second term of 5 (five) consecutive years on the Board effective from 31st March, 2020.

Mrs. Sangeeta Talwar and Mr. Narendra Mairpady have registered themselves in the Databank for Independent Director in compliance with Rule 6(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended and made effective from 1st December, 2019, on 16th January, 2020 and 10th February, 2020 respectively.

Your Company has received confirmations from Mrs. Sangeeta Talwar and Mr. Narendra Mairpady that they have served as Director/ KMP for more than ten years in Listed/ Unlisted public companies with paid-up capital of not less than Rs. 10 Crores, and are hence exempted from appearing for online proficiency self-assessment test as per Rule 6(4) of the Companies (Appointment and Qualification of Directors) Rules, 2014 (“the said Rule”).

Your Company has also received declarations from Mrs. Sangeeta Talwar (DIN: 00062478) and Mr. Narendra Mairpady (DIN: 00536905), Independent Directors, to the effect that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

All the Directors of your Company have given requisite declarations pursuant to Section 164 of the Companies Act, 2013 to the effect that they are not disqualified for appointment / reappointment as Directors.

EVALUATION OF PERFORMANCE OF DIRECTORS

Pursuant to the provisions of the Companies Act, 2013, the Board carried out an annual evaluation of its own performance and that of its Committees as well as performance of the Directors individually. Feedback was sought by way of a structured questionnaire covering various aspects of the Board’s functioning and the evaluation was carried out based on responses received from Directors.

The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors including Chairman during the year under review.

CODES OF CONDUCT

Your Company has in place Code of Conduct for Corporate Governance (“the Codes) for its Directors and Senior Management Personnel and Employees. These Code enunciate the underlying principles governing the conduct of your Company’s business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company’s ethos.

Mahindra First Choice Wheels Limited

Your Company has, for the year under review, received declarations under the Code from the Directors, Senior Management Personnel and Employees affirming compliance with the respective Codes of Conduct.

BOARD MEETINGS

The Board of Directors met 5 times during the year under review viz., on 30th April, 2019, 30th July, 2019, 21st October, 2019, 3rd February, 2020 and 9th March, 2020. The maximum interval between any two meetings did not exceed 120 days.

The attendance of the Directors at these meetings was as under:

Name of Director	Number of Board Meetings Attended during the year.
Mr. Anand Mahindra	2
Mrs. Sangeeta Talwar	6
Mr. Narendra Mairpady	6
Mr. Sanjay Labroo	1
Mr. Rajeev Dubey	6
Mr. V S Parthasarathy*	1
Mr. Ramesh Iyer	1
Mr. Rajesh Jejurikar	3
Mr. Rob Huting	6
Dr. Pawan Goenka	3
Mr. Padmanabhan Sivaram	2
Mr. Christopher Hansen	1
Mr. Anupam Thareja	4
Mr. Ashutosh Pandey	6

* Mr. V S Parthasarathy was appointed as an Additional Director on 9th March, 2020.

GENERAL MEETINGS

The 25th Annual General Meeting of the Members was held on 30th July, 2019.

Extra Ordinary General Meetings of the shareholders of the Company were held on 21st January, 2020 and 9th March, 2020.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134 (3) (c) of the Companies Act, 2013, your Directors based on the representation received from the Operating Management and after due enquiry, confirm that:

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed;
- (b) Accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at 31st March, 2020 and of the loss of the Company for the financial year ended on that date;
- (c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The annual accounts have been prepared on a going concern basis; and
- (e) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

APPOINTMENTS OF / CHANGES IN KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Sections 2(51) and 203 of the Companies Act, 2013, the following are the Key Managerial Personnel of your Company:-

1. Mr. Ashutosh Pandey is the Managing Director & Chief Executive Officer
2. Mr. V Janakiraman is the Chief Financial Officer;
3. Mrs. Anita Anand Halbe is the Company Secretary (w.e.f. 30th July, 2019)

During the year under review, Mrs. Gayathri Iyer resigned as the Company Secretary of the Company with effect from 23rd May, 2019 and Mrs Anita Anand Halbe (ACS 13962) was appointed as the Company Secretary with effect from 30th July, 2019.

COMMITTEES OF THE BOARD

The following are the details of Committees of the Board.

The Audit Committee comprises of Mr. Narendra Mairpady (Chairman), Mrs. Sangeeta Talwar and Mr. Ramesh Iyer as its Members.

The Audit Committee met three times during the financial year under review viz.; on 30th April, 2019, 30th July, 2019 and 9th March, 2020.

The attendance of the Members at these meetings was as under:

Director	Designation	No. of meetings attended
Mr. Narendra Mairpady	Chairman	3
Mrs. Sangeeta Talwar	Member	3
Mr. Ramesh Iyer	Member	0

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of Mr. Rajeev Dubey (Chairman), Mr. Narendra Mairpady and Mrs. Sangeeta Talwar as its Members.

The Nomination and Remuneration Committee met Five times i.e. on 30th April, 2019, 30th July 2019, 21st October, 2019, 3rd February, 2020 and 9th March, 2020 during the year under review.

The attendance of the Members at these meetings was as under:

Director	Designation	No. of meetings attended
Mr. Rajeev Dubey	Chairman	5
Mr. Narendra Mairpady	Member	5
Ms. Sangeeta Talwar	Member	5

The Nomination and Remuneration Committee carried out an on-line evaluation of the performance of individual Directors, during the year under review, through a structured questionnaire process covering various aspects such as skills, performance, attendance, knowledge etc.

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met on 30th April, 2019 during the year, without the presence of the Chairman or Managing Director or other Non-Independent Directors or Chief Financial Officer or any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

VIGIL MECHANISM

The provisions relating to Vigil Mechanism enumerated under Section 177 of the Companies Act, 2013 were not applicable to your Company. However, the Company has proactively implemented a Whistleblower Policy and Vigil mechanism administered by an independent third party.

AUDITORS

STATUTORY AUDITORS

At the 23rd Annual General Meeting held on 27th July, 2017, M/s. B S R & Co. LLP, Chartered Accountants, (ICAI Registration No. 101248W/W-100022) were appointed as Statutory Auditors of the Company for a term of 5 consecutive years to hold office until the conclusion of the 28th Annual General Meeting to be held in the year 2022.

In view of the above, M/s. B S R & Co. LLP, Statutory Auditors, would continue to hold office till the conclusion of 28th Annual General Meeting to be held in the year 2022.

The Auditors' Report does not contain any qualification, reservation or adverse remark or disclaimer.

SECRETARIAL AUDITOR

During the year under review, M/s. MMJC & Associates LLP Practicing Company Secretary (Certificate of Practice Number: 9346) were appointed as Secretarial Auditors of the Company at the Board meeting held on 30th April, 2019 for conduct of Secretarial Audit for the Financial year 2019-20 in accordance with the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. However, with the name of the firm being changed to M/s. MMJB & Associates LLP, Practicing Company Secretary (Certificate of Practice Number: 9346), a superseding resolution to the above effect has been passed to undertake the Secretarial Audit of the Company for FY 19-20 with rest of terms and conditions including remuneration remaining the same.

In terms of the provisions of Section 204(1) of the Companies Act, 2013, the Company has annexed with this Directors' Report, as **Annexure I**, a Secretarial Audit Report for the year under review in the prescribed Form MR - 3.

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

MAINTENANCE OF COST ACCOUNTS AND RECORDS

Your Company was not required to maintain cost accounts and records as required under the Section 148 (1) of the Companies Act, 2013 and rules made thereunder.

REPORTING ON FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors and Secretarial Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under section 143 (12) of the Companies Act 2013.

INTERNAL AUDITOR

Your Board had appointed Mr. Mario A Nazareth, Chartered Accountant, as Internal Auditor of the Company for the year ended 31st March, 2020.

COST AUDITOR

Provisions of Companies Act, 2013 relating to appointment of Cost Auditor are not applicable to your Company.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

Your Company adopted the following Policies which, inter alia, include criteria for determining qualifications, positive attributes and independence of a Director:

- (a) Policy on Appointment of Directors and Senior Management and succession planning for orderly succession to the Board and the Senior Management;
- (b) Policy for remuneration of the Directors, Key Managerial Personnel and other employees.

Policy (a) mentioned above includes the criteria for determining qualifications, positive attributes and independence of a Director, identification of persons who are qualified to become Directors and who may be appointed in the Senior Management Team in accordance with the criteria laid down in the said Policy, succession planning for Directors and Senior Management, and Policy statement for Talent Management framework of the Company.

Policy (b) mentioned above sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra First Choice Wheels Limited.

Both these Policies, as amended, are provided as **Annexures IIA and IIB** and the same form part of this Report.

Policies mentioned at (a) and (b) above are available on the website at the following link: www.mahindrafirstchoice.com .

RISK MANAGEMENT POLICY

Your Company has, in place, a Risk Management Policy which includes identification therein of the elements of risk, which in the opinion of Board, may threaten the existence of the Company. Your Company's risk management policy sets out the objectives and elements of risk management within the organization and helps to promote risk awareness amongst employees and to integrate risk management within the corporate culture.

CORPORATE SOCIAL RESPONSIBILITY POLICY

Provisions relating to Corporate Social Responsibility (CSR), enumerated under Section 135 of the Companies Act, 2013, are not applicable to your Company and accordingly, your Company does not have a CSR Policy.

INTERNAL FINANCIAL CONTROLS

Your Company has in place adequate internal financial controls with reference to the Financial Statements commensurate with the size, scale and complexity of its operations. Your Company conducts reviews, at regular intervals, to assess the adequacy of financial and operating controls for the business of the Company. Statutory Auditors have audited the Internal Financial Controls over Financial Reporting of the Company as of 31st March, 2020. Significant issues, if any, are brought to the attention of the Audit Committee. Statutory Auditors and internal auditors are invited to attend Audit Committee meetings. Corrective actions, if required, are being taken up immediately to ensure that the internal financial control system remains robust and as an effective tool.

PEOPLE

Your Company has over 795 people on its rolls as at March 31, 2020. Your Company acknowledges its commitment to regional development and improving the standard of living of the people in the region.

SAFETY, HEALTH AND ENVIRONMENT

Your Company maintains a good health and safety record in line with the Health and Wellness Policy.

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

The particulars relating to Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Act read with the Companies Rule 8 (3) of The Companies (Accounts) Rules, 2014 are given as **Annexure III** and the same forms part of this Report.

DISCLOSURE OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES 2014

Being an unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 were not applicable to your Company during the year under review.

EMPLOYEE STOCK OPTION PLAN

The disclosure of details in respect of the Company's Employee Stock Option Plan, as required under the Companies (Share Capital and Debentures) Rules, 2014 are set out in **Annexure IV** and the same forms part of this Report.

PUBLIC DEPOSITS

Your Company had not accepted any deposits from the public, or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review.

Your Company had not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34 (3) and 53 (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Schedule V applicable to the Parent Company Mahindra and Mahindra Limited.

PARTICULARS OF LOANS, GUARANTEES, OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Particulars of loans given, investments made or guarantee given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient of the loan or guarantee or security are provided in **Annexure V** and the same forms part of this Report.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

All the Related Party Transactions entered, during the year, were in the Ordinary Course of Business and on arm's length basis.

Particulars of material contracts or arrangements or transactions with related parties, required to be furnished in terms of Section 134 of Companies Act, 2013 are furnished in form AOC - 2 as **Annexure VI** and the same forms part of this Report.

ANNUAL RETURN

Pursuant to section 134(3)(a) and section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2020 in Form No. MGT-9 is attached as **Annexure VII** and forms part of this Report.

The Annual Return of the Company has been placed on the website of the Company and can be accessed at the Web-link: www.mahindrafirstchoice.com .

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.

Your Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, no complaint was received under the aforesaid Act and the Rules made thereunder.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. No Significant or material orders by Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
3. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.
4. Buy Back of Shares by the Company.

COMPLIANCE WITH THE PROVISIONS OF SECRETARIAL STANDARD 1 AND SECRETARIAL STANDARD 2

The applicable Secretarial Standards, i.e. SS-1 and SS-2 relating to 'Meetings of the Board of Directors' and "General Meetings, respectively, have been duly complied by your Company.

SUSTAINABILITY

Your Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

Mahindra First Choice Wheels Limited

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors, all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

Ashutosh Pandey
Managing Director & CEO
DIN : 08166731

Rajeev Dubey
Director
DIN: 00104817

Mumbai, 14th May, 2020

**ANNEXURE I TO THE DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST MARCH, 2020**

MMJB & Associates LLP
Company Secretaries

Ecstasy, 803/804, 8th Floor, City of Joy, J.S.D Road, Mulund (West), Mumbai- 400080, (T)
022-21678100

**FORM NO. MR.3
SECRETARIAL AUDIT REPORT**

For The Financial Year Ended 31st March, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
Mahindra First Choice Wheels Limited
Gateway Building, Apollo Bunder
Mumbai - 400001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra First Choice Wheels Limited** (hereinafter called the "**Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 ('**Audit Period**') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment (**External Commercial Borrowings not applicable during the Audit Period**)
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (**Not Applicable to the Company**)
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (**Not Applicable to the Company**)
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (**Not Applicable to the Company**)
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (**Not Applicable to the Company**)
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not Applicable to the Company**)
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not Applicable to the Company**) and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (**Not Applicable to the Company**);
- (vi) As identified, no law is specifically applicable to the company.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India
- (ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**Not Applicable to the Company**).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards made thereunder.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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

We further report that the Company has during the year

- (a) Altered the Object Clause of Memorandum of Association in Extra-ordinary General Meeting held on 21st October, 2019.
- (b) Acquired 100% stake in a Company named Fifth Gear Ventures limited.

For MMJB & Associates LLP

Bhavisha Jewani
Designated Partner
FCS No. 8503
CP No. 9346
UDIN: F008503B000241791
Place: Mumbai
Date: 14th May, 2020

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

To
The Members,
Mahindra First Choice Wheels Limited
Gateway Building, Apollo Bunder
Mumbai - 400001

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For MMJB & Associates LLP

Bhavisha Jewani
Designated Partner
FCS No. 8503
CP No. 9346
UDIN: F008503B000241791
Place: Mumbai
Date: 14th May, 2020

**ANNEXURE II A TO THE DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST MARCH, 2020**

**POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT
AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD
AND THE SENIOR MANAGEMENT**

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“Board” means Board of Directors of the Company.

“Company” means Mahindra First Choice Wheels Ltd.

“Committee(s)” means Committees of the Board for the time being in force.

“Employee” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“HR’ means the Human Resource department of the Company.

“Key Managerial Personnel”, (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes

- (i) the Chief Executive Officer (CEO) or the managing director (MD) or the manager;
- (ii) the company secretary (CS);
- (iii) the whole-time director(WTD);
- (iv) the Chief Financial Officer(CFO); and
- [(v) such other officer, not more than one level below the directors, who is in whole-time employment, designated as key managerial personnel by the Board;

“Nomination and Remuneration Committee” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“Senior Management” means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive Directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of Director:
 1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
 2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making
 3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or the Managing Director or any other Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become Directors and who may be appointed in senior management team in accordance with the criteria as enumerated above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman or Managing Director based on the business need and the suitability of the candidate.

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

Board:

The successors for the Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel:

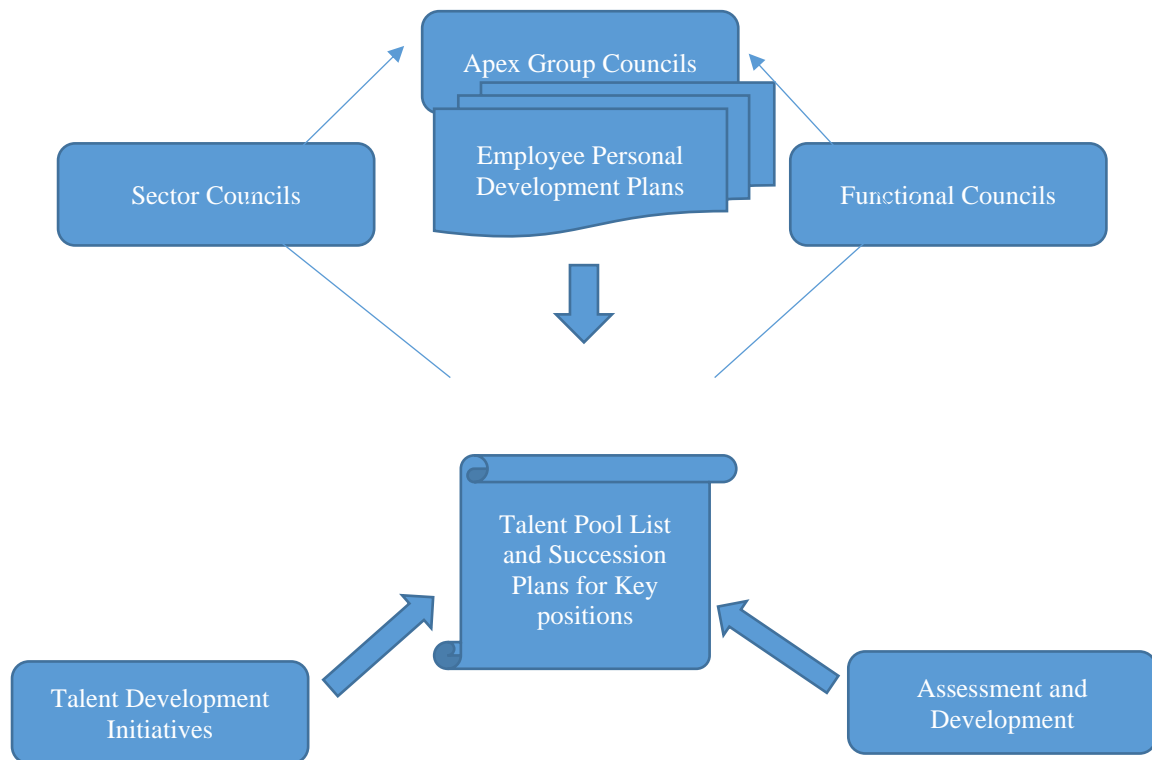
A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency Successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

in order to ensure talent readiness as per a ladder approach.

The Talent Management process can be represented pictorially as under:



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

For and on behalf of the Board

Ashutosh Pandey
Managing Director & CEO
DIN : 08166731

Rajeev Dubey
Director
DIN: 00104817

Mumbai, 14th May, 2020

**ANNEXURE II B TO THE DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST MARCH, 2020**

POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra First Choice Wheels Ltd.

Policy Statement

We have a well-defined Compensation policy which is in line with our parent Company Mahindra & Mahindra Ltd. for Managing Director, Manager, Key Managerial Personnel and all employees, of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as Director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Executive Directors:

The remuneration to Managing Director and Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of Managing Director, Chief Financial Officer (CFO), Company Secretary (CS) & other Key Management personnel, if any, shall be finalised/ revised either by any Director or such other person as may be authorized by the Board from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to Directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Employees

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

- a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.
- b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- ❖ Performance
- ❖ Potential
- ❖ Criticality
- ❖ Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

Mahindra First Choice Wheels Limited

The Company may also grant Stock Options to the Employees and Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company and subject to the compliance of the applicable statutes and regulations.

For and on behalf of the Board

Ashutosh Pandey
Managing Director & CEO
DIN : 08166731

Rajeev Dubey
Director
DIN: 00104817

Mumbai, 14th May, 2020

ANNEXURE III TO THE DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MARCH, 2020

PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 2020.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

(A) Conservation of energy:

- (i) the steps taken or impact on conservation of energy:
Though the activities of the Company are not power intensive, various measures are taken to contain and bring about saving in power consumption through improved operational methods, better house-keeping and awareness programs.
- (ii) the steps taken by the Company for utilizing alternate sources of energy: Not Applicable
- (iii) the capital investment on energy conservation equipment: Nil

(B) Technology absorption:

- (i) the efforts made towards technology absorption: None
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year: Not Applicable
- (iv) the expenditure incurred on Research and Development: Nil

(C) Foreign exchange earnings and Outgo: (In terms of actual inflow and outflow)

Foreign exchange earnings and outgo:

	<i>(Rupees in Lakhs)</i>	
	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Foreign Currency Earnings	596.94	403.45
Foreign Exchange Outgo	136.41	14.42

For and on behalf of the Board

Ashutosh Pandey
Managing Director & CEO
DIN : 08166731

Rajeev Dubey
Director
DIN: 00104817

Mumbai, 14th May, 2020

**ANNEXURE IV TO THE DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST MARCH, 2020**

Details of the Employees Stock Option Scheme pursuant to Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014:

Sr. No.	Particulars	ESOS 2010	ESOS 2015
(a)	options granted	-	3,13,192
(b)	options vested	2,17,646	65,833
(c)	options exercised	-	-
(d)	the total number of shares arising as a result of exercise of option	-	-
(e)	options lapsed	41,435	1,56,940
(f)	the exercise price	Rs. 10/-	Rs. 10/-
(g)	variation of terms of options	Nil	Nil
(h)	money realized by exercise of options	-	-
(i)	total number of options in force as at 31 st March 2020	29,36,839	8,27,167
(j)	(i) employee wise details of options granted to key managerial personnel	-	-
	(ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year	261,749	
	Total Number of employees	1 Director and 2 Employees of 100% subsidiary	
	(iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	-	-

For and on behalf of the Board

Ashutosh Pandey
Managing Director & CEO
DIN : 08166731

Rajeev Dubey
Director
DIN: 00104817

Mumbai, 14th May, 2020

**ANNEXURE V TO THE DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST MARCH, 2020**

LOANS, GUARANTEES OR INVESTMENTS

The particulars of loans, guarantees or investment under Section 186 of the Companies Act, 2013, for the year under review, is as under:

Details of Loans:

Sr. No.	Date of making loan	Details of Borrower	Amount (in Rs.)	Purpose for which the loan is to be utilized by the recipient	Time period for which it is given	Rate of Interest
Loans Given:						
1	23.03.20	HDFC Ltd.	12,00,00,000	Working Capital	365 days	6.63%
2	31.03.20	HDFC Ltd.	4,00,00,000	Working Capital	365 days	6.63%
3	23.03.20	Mahindra Rural Housing Finance Ltd	20,00,00,000	Working Capital	518 days	7.90%

For and on behalf of the Board

Ashutosh Pandey
Managing Director & CEO
DIN : 08166731

Rajeev Dubey
Director
DIN: 00104817

Mumbai, 14th May, 2020

ANNEXURE VI TO THE DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST MARCH, 2020

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.: Nil
2. Details of material contracts or arrangements or transactions at Arm's length basis.

Sr. No.	Name(s) of the related party & nature of relationship	Nature of Transaction	Duration of the transaction	Salient terms of the transaction, including the value if any (Rs. in Lakhs)	Date of approval by the Board	Amount paid as advances, if any	
1	Mahindra and Mahindra Financial Services Limited Fellow Subsidiary Company	Purchase of Trading Goods	2019-2020	The related party transactions (RPTs) entered during the year were in the ordinary course of business and on arm's length basis.	5724.77	Since these RPTs are in the ordinary course of business and are at arm's length basis, approval of the Board is not required.	Nil

- Note: for the purpose of materiality, the following criteria have been considered.
- Contracts/transactions/arrangements for sale, purchase, or supply of any goods or materials, directly or through appointment of agent, amounting to 10% or more of turnover of the Company is considered as material for the purpose of disclosure.
- Contracts/transactions/arrangements for selling or otherwise disposing of or buying property of any kind, directly or through the appointment of agent, amounting to 10% or more of net worth of the Company is considered as material for the purpose of disclosure.

Mahindra First Choice Wheels Limited

- Contracts/transactions/arrangements for leasing of property of any kind amounting to 10% or more of the net worth of the Company or 10 % or more of turnover of the Company is considered as material.
- Contracts/transactions/arrangements for availing or rendering of services amounting to 10% or more of turnover of the Company is considered as material for the purpose of disclosure.

For and on behalf of the Board

Ashutosh Pandey
Managing Director & CEO
DIN : 08166731

Rajeev Dubey
Director
DIN: 00104817

Mumbai, 14th May, 2020

Mahindra First Choice Wheels Limited

ANNEXURE VII TO THE DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2020

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN:-	U64200MH1994PLC083996
ii)	Registration Date	22/12/1994
iii)	Name of the Company	MAHINDRA FIRST CHOICE WHEELS LIMITED
iv)	Category/Sub-Category of the Company	Company Limited by Shares (Indian Non-Government Company)
v)	Address of the Registered office and contact details	Gateway Building, Apollo Bunder, Mumbai 400001 Tel: +9122 24905633 Fax: +9122 24900833
vi)	Whether listed Company (Yes/No)	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	KFin Technologies Private Limited Karvy Selenium, Tower B, Plot Nos. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500032 Tel: 040-67162222 Fax: 040-23001153 Email Id: einward.ris@kfintech.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of main product/services	NIC Code of the Product/service	% to total turnover of the Company
1	Sale of Used vehicles and products	45102	55%
2	Yard management parking fee	52211	21%
3	Vehicle Pre-inspection and Valuation Services	71200	15%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sr. No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1.	Mahindra Holdings Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai MH 400018	U65993MH2007PLC175649	HOLDING	49.17	2(46)
2.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai 400 001	L65990MH1945PLC004558	ULTIMATE HOLDING	-	2(46)
3.	Fifth Gear Ventures Limited Mahindra Towers, 2A, Bhikaji Cama Place, Rama Krishna Puram, New Delhi 110066	U74999DL2015PLC284756	Subsidiary Company	100.00	2 (87)

Mahindra First Choice Wheels Limited

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	4,02,31,037	-	4,02,31,037*	49.17	4,02,31,037	-	4,02,31,037	49.17	0
f) Any Other...	-	-	-	-	-	-	-	-	-
Sub-total A (1):-	4,02,31,037	-	4,02,31,037	49.17	4,02,31,037	-	4,02,31,037	49.17	0
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total A (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter(A)=(A)(1)+(A)(2)	4,02,31,037	-	4,02,31,037	49.17	4,02,31,037	-	4,02,31,037	49.17	0
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/ FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (Trust)	-	29,30,401	29,30,401	3.58	-	29,30,401	29,30,401	3.58	0
Sub-total (B)(1):-	-	29,30,401	29,30,401	3.58	-	29,30,401	29,30,401	3.58	0

Mahindra First Choice Wheels Limited

2. Non- Institutions	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
a) Body Corp.									
(i) Indian	16184054	3334633	1,95,18,687	23.86	1,61,84,054	33,34,633	1,95,18,687	23.86	0
(ii) Overseas	-	1,82,53,569	1,82,53,569	22.31	-	1,82,53,569	1,82,53,569	22.31	0
b) Individual									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	844212	36,484	8,80,696	1.08	844212	36484	8,80,696	1.08	0
Sub-total (B)(2):-	17028266	21624686	38652952	47.25	17028266	21624686	38652952	47.25	
Total Public Shareholding (B)=(B)(1)+ (B)(2)	17028266	24555087	41583353	47.25	17028266	24555087	41583353	47.25	0
C. Shares held by Custodian for GDRs & ADRs		-	-	-	-	-	-	-	-
Grand Total (A+B+C)	57259303	24555087	8,18,14,390	100.00	5,64,32,285	2,53,82,105	8,18,14,390	100.00	-

* Includes 6 shares held by nominees of Mahindra Holdings Limited jointly with Mahindra Holdings Limited

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	Mahindra Holdings Limited	4,02,31,031	100.00	0	4,02,31,031	100.00	0	0
2.	Mahindra Holdings Limited jointly with Mr. Narayan Shankar	1	0.00	0	1	0.00	0	0.00
3.	Mahindra Holdings Limited jointly with Mr. Rajesh Arora	1	0.00	0	1	0.00	0	0.00
4.	Mahindra Holdings Limited jointly with Mr. Feroze Baria	1	0.00	0	1	0.00	0	0.00
5.	Mahindra Holdings Limited jointly with Mr. Sumeet Maheshwari	1	0.00	0	1	0.00	0	0.00
6.	Mahindra Holdings Limited jointly with Ms. Brijbala Batwal	1	0.00	0	1	0.00	0	0.00

Mahindra First Choice Wheels Limited

7.	Mahindra Holdings Limited jointly with Ms. Anita Halbe	1	0.00	0	1	0.00	0	0.00
Total		4,02,31,037	49.17	0	4,02,31,037	49.17	0	4,02,31,037

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

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Increase/Decrease in No. of shares	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company		No. of shares	% of total shares of the company
1.	Mahindra Holdings Limited					
	At the beginning of the year	4,02,31,037	100	0	4,02,31,037	100
	Increase / Decrease:	-	-	-	-	-
	At the End of the year	-	-	-	4,02,31,037	100

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

Sr. No.	Shareholding at the beginning of the year	Change in Shareholding		Shareholding at the end of the year			
		No. of Shares	% of total Shares of the Company	Increase	Decrease	No. of Shares	% of total Shares of the Company
Top 10 Shareholders							
1	PHI Management Solutions Private Limited	1,61,84,054	19.78	0	0	1,61,84,054	21.05%
2	Valiant Mauritius Partners FDI Limited	1,09,28,388	13.36	0	0	1,02,68,329	13.36%
3	Manhiem Export, Sarl	73,25,181	8.95	0	0	68,45,398	8.90%
4	Phi Capital Services LLP	33,34,633	4.07	0	0	33,34,633	4.34%
5	Mr. Rajeev Dubey, Mr. Ramesh Iyer & Mr. Percy Mahernosh (Trustees- Mahindra First Choice Wheels Limited Employees Stock Option Trust.)	29,30,401	3.58	0	0	30,28,067	3.94%
6	Alan E. Durante Jtly. with Melanie Durante	36,484	0.04	0	0	36,484	0.04%
7	Brij Mohan Kataria	17,194	0.02	0	0	17,194	0.02%

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding at the beginning of the year	Cumulative Shareholding during the year			
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	For Each of the Directors and KMP				
	At the beginning of the year				
	Directors				
1	Anand G. Mahindra	1,27,265#	0.13	1,27,265#	0.13
	Datewise Increase/ Decrease in shareholding during the Year specifying the reasons for increase/decrease.	-	-	-	-

Mahindra First Choice Wheels Limited

	At the end of the year	1,27,265#	0.13	1,27,265#	0.13
2	Sanjay Labroo jtly. With Leena Labroo	6,02,087	0.73	6,02,087	0.73
	Datewise Increase/ Decrease in shareholding during the Year specifying the reasons for increase/decrease.	-	-	-	-
	At the end of the year	6,02,087	0.73	6,02,087	0.73
3	Rajeev Dubey	97,666	0.12	97,666	0.12
	Datewise Increase/ Decrease in shareholding during the Year specifying the reasons for increase/decrease.	-	-	-	-
	At the end of the year	97,666	0.12	97,666	0.12

Includes 22,343 Shares held by Anand Mahindra jointly with Anuradha Mahindra

V. INDEBTEDNESS

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

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year: 01.04.2019				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year: 31.03.2020				
• Addition			NIL	
• Reduction	NIL	NIL	NIL	NIL
Net change	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL

Mahindra First Choice Wheels Limited

2. Other Non-Executive Directors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
• Fee for attending board /committee meetings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
•Commission	-	-	-	-	-	-	-	-	-	-	-	-	-	-
• Others, please specify	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total B = (1+2)	-	-	2,00,000	-	-	-	-	-	-	-	2,00,000	-	-	400,000
Ceiling as per the Act	In accordance with Schedule V of Companies Act, 2013													

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

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		V. Janakiraman- Chief Financial Officer	Company Secretary Mrs. Gayathri Iyer (01.04.2019 to 23.05.2019)	Company Secretary Anita Anand Halbe (from 30.07.2019 to 31.03.2020)	Total
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	67,29,538	-	-	67,29,538
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	4,66,822	-	-	4,66,822
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - As % of Profit - Others, specify...	-	-	-	-
5.	Others :	-	14,000	2,23,760	237,760
6.	Contribution to PF	3,83,320	-	-	3,83,320
7.	Bonus / Variable Pay	19,31,945	-	-	19,31,945
	Total	95,11,625	14,000	2,23,760	97,49,385

Mahindra First Choice Wheels Limited

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

A. Company

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/Compounding fees imposed	Authority (RD / NCLT / court)	Appeal made, if any (give details)
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

B. Directors

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/Compounding fees imposed	Authority (RD / NCLT / court)	Appeal made, if any (give details)
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

C. Other Officers in Default

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/Compounding fees imposed	Authority (RD / NCLT / court)	Appeal made, if any (give details)
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board

Ashutosh Pandey
Managing Director & CEO
DIN : 08166731

Rajeev Dubey
Director
DIN: 00104817

Mumbai, 14th May, 2020

B S R & Co. LLP

Chartered Accountants

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

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

Independent Auditors' Report

To the Members of Mahindra First Choice Wheels Limited

Report on the Audit of the Standalone 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 2020, 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 2020, 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 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 on the financial statements.

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 Director's 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.

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

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

Independent Auditors' Report (*Continued*)

Mahindra First Choice Wheels Limited

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information") (*Continued*)

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

Management's and Board of Directors' Responsibility for the 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, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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

Auditor's 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 in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on 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.
2. (A) As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - c) The 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 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its financial statements - Refer Note XX 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 2020.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, 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

Mumbai
14 May 2020

Jayesh T Thakkar
Partner
Membership No: 113959
ICAI UDIN: 20113959AAAACH3973

Annexure A to the Independent Auditors' Report on the standalone financial statements of Mahindra First Choice Wheels Limited for the year ended 31 March 2020

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 2020, 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 once in two years, pursuant to which the fixed assets were physically verified in the financial year ended 31 March 2020 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 account.
- 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 ("the Act"). 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 and based on the audit procedures conducted by us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to granting of loans, making investment.
- 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 Act 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 Act is not applicable.
- vi. In respect of maintenance of Cost records under Section 148(1) of the Act, having regard to the nature of the Company's business/activities, reporting under paragraph (vi) of the Order is not applicable.
- 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 and Cess are not applicable to the Company.

Annexure A to the Independent Auditors' Report on the standalone financial statements of Mahindra First Choice Wheels Limited for the year ended 31 March 2020 (Continued)

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 as per Demand (Rs. in Lakhs)	Amount Paid under protest (Rs. in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	3.79	-	2008-2009	Commissioner of Income Tax (Appeals)
		31.08	-	2012-2013	Assistant Commissioner of Income Tax
Value Added Tax, Maharashtra	Value Added Tax	165.71	22.14	2005-2006 to 2010-2011 and 2012-2013	Joint Commissioner of Sales Tax (Appeal)
Value Added Tax, Hyderabad	Value Added Tax	45.73	39.04	2005-06 to 2008-09	Sales Tax Tribunal (Hyderabad)
Value Added Tax, Kerala	Value Added Tax	1.55	1.16	2008-09	Commercial Tax Officer
Central Sales Tax, Maharashtra	Central Sales Tax	34.77	-	2008-09	Joint Commissioner of Sales Tax (Appeal)

- 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 raise 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.
- xi. 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 Act.
- xii. 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.

Annexure A to the Independent Auditors' Report on the standalone financial statements of Mahindra First Choice Wheels Limited for the year ended 31 March 2020 (Continued)

- xiii. 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 Act. The details of such related party transactions have been disclosed in Ind AS financial statements as required under applicable Ind AS.
- xiv. 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.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.
- xvi. 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

Mumbai
14 May 2020

Jayesh T Thakkar
Partner
Membership No: 113959
UDIN: 20113959AAAACH3973

Annexure B to the Independent Auditors' report on the financial statements of Mahindra First Choice Wheels Limited for the year ended 31 March 2020

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 2020 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 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

**Annexure B to the Independent Auditors' report on the financial statements of Mahindra First Choice Wheels Limited for the year ended 31 March 2020
(Continued)**

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

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

Mumbai
14 May 2020

Jayesh T Thakkar
Partner
Membership No: 113959
UDIN: 20113959AAAACH3973

MAHINDRA FIRST CHOICE WHEELS LIMITED

CIN: U64200MH1994PLC083996

Balance Sheet

as at 31 March 2020

Rs in lakhs

	Note No.	31 March 2020	31 March 2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	2,117.94	473.86
Goodwill		113.00	113.00
Other intangible assets	4	80.34	125.86
Financial assets			
(i) Investments	5	3,058.31	12.27
(ii) Loans	6	2,599.71	678.12
(iii) Other financial assets	7	2.89	2.89
Income tax assets (net)		1,226.49	1,463.08
Other non-current assets	8	152.05	106.15
		9,350.73	2,975.23
CURRENT ASSETS			
Inventories		794.59	270.99
Financial assets			
(i) Investments	5	-	501.06
(ii) Trade receivables	9	3,904.55	3,336.92
(iii) Cash and cash equivalents	10	1,069.46	563.77
(iv) Bank balances other than (iii) above	10	2,027.18	4,507.00
(v) Loans	6	1,613.59	4,614.96
(vi) Other financial assets	7	4,370.17	2,173.77
Current tax assets (net)		768.54	-
Other current assets	8	1,757.17	725.36
		16,305.25	16,693.83
		25,655.98	19,669.06
TOTAL ASSETS			
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	11	7,888.41	7,888.41
Other equity	12	2,141.33	2,850.86
		10,029.74	10,739.27
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities			
(i) Borrowings - Lease Liabilities		1,231.81	-
(ii) Other financial liabilities	13	308.91	308.91
Provisions	14	1,034.97	802.69
Deferred tax liabilities (Net)	15	22.65	25.25
		2,598.34	1,136.85
CURRENT LIABILITIES			
Financial liabilities			
(i) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	16	43.55	5.96
- Total outstanding dues of creditors other than micro enterprises and small enterprises	16	6,166.29	3,639.18
(ii) Other financial liabilities	13	3,288.05	2,880.60
Other current liabilities	17	3,380.25	1,135.70
Provisions	14	149.76	131.50
		13,027.90	7,792.94
		25,655.98	19,669.06
TOTAL EQUITY AND LIABILITIES			

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

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

Jayesh T Thakkar

Partner

Membership number: 113959

V.S. Parthasarathy

Director

DIN 00125299

Ashutosh Pandey

MD & CEO

DIN 08166731

Rajeev Dubey

Director

DIN 00104817

V. Janakiraman

Chief Financial Officer

Membership number: 029222 PAN-AAQPJ2356L

Anita Halbe

Company Secretary

A13962

Place : Mumbai

Date: 14 May 2020

MAHINDRA FIRST CHOICE WHEELS LIMITED

CIN: U64200MH1994PLC083996

Statement of Profit and Loss

for the year ended 31 March 2020

Rs in lakhs

	Note No.	31 March 2020	31 March 2019
INCOME			
Revenue from operations	18	36,733.97	21,934.94
Other income	19	847.31	867.33
Total Income		37,581.28	22,802.27
EXPENSES			
Purchases of stock-in-trade		16,775.39	4,437.10
Changes in inventories of stock-in-trade	20	(523.60)	(270.99)
Employee benefits expense	21	6,527.14	5,672.09
Finance costs	22	121.57	4.75
Depreciation and amortisation expense	3 & 4	635.57	253.40
Other expenses	23	14,748.87	14,162.42
Total Expenses		38,284.94	24,258.77
(Loss) before tax		(703.66)	(1,456.50)
Tax Expense			
Current tax		-	-
Deferred tax	15	(2.60)	2.98
(Loss) for the year		(701.06)	(1,459.48)
Other comprehensive (loss) / income			
Items that will not be reclassified to profit or loss and its related income			
(i) Remeasurements of the defined benefit plans		(18.14)	23.73
(ii) Equity instruments through other comprehensive income		1.04	0.61
Total other comprehensive (loss) / income		(17.10)	24.34
Total comprehensive (loss) for the year		(718.16)	(1,435.14)
Earnings per equity share:			
(Face value Rs. 10/- per share) (Rupees)			
Basic and Diluted	24	(0.89)	(1.85)

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

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

Jayesh T Thakkar

Partner

Membership number: 113959

V.S. Parthasarathy

Director

DIN 00125299

Ashutosh Pandey

MD & CEO

DIN 08166731

Rajeev Dubey

Director

DIN- 00104817

Place : Mumbai

Date: 14 May 2020

V. Janakiraman

Chief Financial Officer

Membership number: 029222 PAN-AAQPI2356L

Anita Halbe

Company Secretary

A13962

MAHINDRA FIRST CHOICE WHEELS LIMITED

CIN: U64200MH1994PLC083996

Statement of Changes in Equity

as at 31 March 2020

Rs in lakhs

A. Equity share capital	31 March 2020	31 March 2019
Issued, subscribed and paid up		
Balance as at the beginning and end of the year	7,888.41	7,888.41

B. Other Equity	Reserves and Surplus			Items of other comprehensive income		Total
	Retained Earnings	Securities Premium	Share options outstanding account	Equity instruments through other comprehensive income	Remeasurements of the defined benefit obligations	
Balance at 31 March 2018	(16,550.60)	20,898.15	48.75	10.65	(129.39)	4,277.56
Loss for the year	(1,459.48)	-	-	-	-	(1,459.48)
Remeasurements of the defined benefit plans	-	-	-	-	23.73	23.73
Equity instruments through other comprehensive income	-	-	-	0.61	-	0.61
Total Comprehensive income for the year	(18,010.08)	20,898.15	48.75	11.26	(105.66)	2,842.42
Share based payment to employees	-	-	8.44	-	-	8.44
Balance at 31 March 2019	(18,010.08)	20,898.15	57.19	11.26	(105.66)	2,850.86
Loss for the year	(701.06)	-	-	-	-	(701.06)
Remeasurements of the defined benefit plans	-	-	-	-	(18.14)	(18.14)
Equity instruments through other comprehensive income	-	-	-	1.04	-	1.04
Total Comprehensive income for the year	(18,711.14)	20,898.15	57.19	12.30	(123.80)	2,132.70
Share based payment to employees	-	-	8.63	-	-	8.63
Balance at 31 March 2020	(18,711.14)	20,898.15	65.82	12.30	(123.80)	2,141.33

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**

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For and on behalf of the Board of Directors of

Mahindra First Choice Wheels Limited

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Place : Mumbai

Date: 14 May 2020

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Anita Halbe

Company Secretary

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MAHINDRA FIRST CHOICE WHEELS LIMITED

CIN: U64200MH1994PLC083996

Cash Flow Statement

for the year ended 31 March 2020

Rs in lakhs

	31 March 2020	31 March 2019
Cash flows from operating activities		
(Loss) before tax	(703.66)	(1,456.50)
<i>Adjustments for:</i>		
Finance costs	121.57	4.75
Interest income	(726.19)	(744.76)
Dividend income	(0.12)	(0.12)
Loss on property, plant and equipment sold/scrapped/written off (net)	0.49	57.31
Net gain arising on financial asset measured at fair value through profit or loss	-	(69.30)
Net gain recorded in profit or loss on sale of Mutual Funds	(70.46)	-
Bad debts written off	371.88	1,942.76
Sundry balances written back	(41.37)	(37.39)
Allowance for expected credit losses	575.57	770.66
Depreciation and amortisation expense	635.57	253.40
Share based payment expenses	8.63	8.44
Operating profit before working capital changes	171.91	729.25
Movements in working capital:		
(Increase) in trade receivables	(1,473.71)	(1,697.14)
(Increase) in inventories	(523.60)	(270.99)
(Increase) in other assets	(3,280.10)	(2,643.05)
Increase in trade payables	2,564.69	1,335.17
Increase in provisions	232.40	131.23
Increase in other current liabilities	2,195.50	(270.25)
	(284.82)	(3,415.04)
Cash (used in) operations	(112.91)	(2,685.79)
Income taxes paid (net of refunds)	(531.96)	(471.61)
Net cash (used in) operating activities	(644.87)	(3,157.40)
Cash flows from investing activities		
Inter corporate deposits given	(5,000.00)	-
Inter corporate deposits matured	3,000.00	-
Payments to acquire current investments	(3,630.00)	(5,925.07)
Proceeds on sale of current investments	4,202.18	5,595.43
Bank deposits placed	(4,100.00)	(9,907.16)
Bank deposits matured	9,580.00	3,107.00
Payments to acquire non-current investments – subsidiaries	(3,045.00)	-
Interest received	856.11	465.42
Dividends received	0.12	0.12
Payments to acquire property, plant and equipment and other intangible assets	(163.12)	(335.34)
Proceeds from sale of property, plant and equipment	7.35	26.23
Net cash from / (used in) investing activities	1,707.64	(6,973.37)

MAHINDRA FIRST CHOICE WHEELS LIMITED

CIN: U64200MH1994PLC083996

Cash Flow Statement

for the year ended 31 March 2020

Rs in lakhs

	31 March 2020	31 March 2019
Cash flows from financing activities		
Interest paid	(121.57)	(4.75)
Payment for principal portion of lease liability	(435.50)	-
Net cash (used in) financing activities	(557.07)	(4.75)
Net Increase/(Decrease) in cash and cash equivalents	505.70	(10,135.52)
Cash and cash equivalents at the beginning of the year	563.77	10,699.29
Cash and cash equivalents at the end of the year	1,069.46	563.77
Net Increase/(Decrease) as disclosed above	505.70	(10,135.52)

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

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

Jayesh T Thakkar

Partner

Membership number: 113959

V.S. Parthasarathy

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Rajeev Dubey

Director

DIN- 00104817

Place : Mumbai

Date: 14 May 2020

V. Janakiraman

Chief Financial Officer

Membership number: 029222 PAN-AAQPJ2356L

Anita Halbe

Company Secretary

A13962

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes to the financial statements for the year ended 31 March 2020

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 2020. 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 2020 (*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 2020 (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) Wholesale Bulk Income – The Company recognizes revenue on issue of release order of vehicle.
- vii) Repo Management Service – The Company recognizes revenue on receipt of seller's confirmation.
- viii) 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.

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes to the financial statements for the year ended 31 March 2020 (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.

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes to the financial statements for the year ended 31 March 2020 (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

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes to the financial statements for the year ended 31 March 2020 (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.

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes to the financial statements for the year ended 31 March 2020 (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.

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes to the financial statements for the year ended 31 March 2020 (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 Leases:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Company as a lessee:

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and lease liabilities in the statement of financial position.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease.

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes to the financial statements for the year ended 31 March 2020 (Continued)

Significant Accounting Policy

The Company has adopted Ind AS 16 'Leases' from 1 April 2019 using the modified retrospective method. Accordingly, comparatives for the year ended 31 March 2019 have not been retrospectively adjusted.

A. Definition of lease:

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under 'Appendix C' to Ind AS 17 Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in significant accounting policy.

On transition to Ind AS 116, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied Ind AS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under Ind AS 17 and 'Appendix C' were not reassessed for whether there is a lease under Ind AS 16. Therefore, the definition of a lease under Ind AS 116 was applied only to contracts entered into or changed on or after 1 April 2019.

I. Leases classified as operating lease under Ind AS 17:

Previously, the Company classified property leases as operating leases under Ind AS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Company used following practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application; and
- did not recognise right-of-use assets and liabilities for leases of low value assets

II. Leases classified as finance leases under Ind AS 17

The leases which were classified as finance leases under IndAS17, the carrying amount of the right-of-use asset and the lease liability at 1 April 2019 were determined at the carrying amount of the lease asset and lease liability under Ind AS 17 immediately before transition date.

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes to the financial statements for the year ended 31 March 2020 (Continued)

III. Impact on financial statements

On transition date the Company recognised Right-of-Use asset and lease liability, the impact is as follows:

Rs. in Lakhs	
Particulars	Amount
Right-of-Use assets – Property, plant and equipment	1619.73
Lease liability	1619.73

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).

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.

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes to the financial statements for the year ended 31 March 2020 *(Continued)*

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.

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.

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes to the financial statements for the year ended 31 March 2020 (Continued)

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 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:

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes to the financial statements for the year ended 31 March 2020 (Continued)

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.

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.

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.

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes to the financial statements for the year ended 31 March 2020 (Continued)

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.

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.

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

as at 31 March 2020

Rs in lakhs

3. Property, plant and equipment

Description of Assets	Improvements to Leasehold Property	Office Equipment	Furniture and Fixtures	Electrical Fittings	Computers	Vehicles	Right-of-use asset	Total
Gross Block								
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
Additions during the year	2.25	36.03	-	-	109.18	54.78	2,032.77	2,235.01
Deductions / adjustments during the year	-	-	-	-	-	15.98	-	15.98
Balance as at 31 March 2020	56.17	203.58	7.30	154.17	654.17	148.29	2,032.77	3,256.45
Accumulated depreciation								
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
Depreciation expense for the year	10.39	22.16	0.66	29.45	94.10	21.26	409.40	587.42
Deductions / adjustments during the year	-	-	-	-	-	12.47	-	12.47
Balance as at 31 March 2020	13.66	118.13	3.99	63.23	452.17	77.93	409.40	1,138.51
Net block								
Net carrying amount as at 31 March 2019	50.65	71.58	3.97	120.39	186.92	40.35	-	473.86
Net carrying amount as at 31 March 2020	42.51	85.45	3.31	90.94	202.00	70.36	1,623.37	2,117.94

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

as at 31 March 2020

Rs in lakhs

4. Other intangible assests

Description of Assets	Computer Software	Websites	Non-Compete Fees	Customer Relationships	Service Provider Contracts	Acquisition of service contracts and Intellectual Property	Total
Gross Block							
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
Additions during the year	6.94	-	-	-	-	-	6.94
Deductions / adjustments during the year	138.32	-	-	-	-	-	138.32
Balance as at 31 March 2020	139.93	450.72	4.00	145.00	25.00	33.50	798.15
Accumulated Amortisation Expenses							
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
Amortisation expense during the year	14.35	12.04	0.12	20.72	-	0.91	48.14
Deductions / adjustments during the year	134.00	-	-	-	-	-	134.00
Balance as at 31 March 2020	118.70	445.38	3.87	92.50	24.99	32.37	717.81
Net block							
Net carrying amount as at 31 March 2019	32.96	17.38	0.25	73.22	0.01	2.04	125.86
Net carrying amount as at 31 March 2020	21.23	5.34	0.13	52.50	0.01	1.13	80.34

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

as at 31 March 2020

Rs in lakhs

5. Investments

	31 March 2020			31 March 2019		
	Number of shares	Non-current	Current	Number of shares	Non-current	Current
A. Fair value through Other Comprehensive Income						
<i>Unquoted (fully paid-up)</i>						
Equity shares in The Zoroastrian Co-operative Bank Ltd. (Face value - Rs 25 per share)	4,000	13.31	-	4,000	12.27	-
B. Investment in Equity Instruments						
<i>Unquoted - At Cost</i>						
<i>In Subsidiary</i>						
Fifth Gear Ventures Limited (Face value Rs 10 per share)	92,185	3,045.00	-	-	-	-
C. Fair Value through Profit and Loss						
<i>Quoted Investments in Mutual funds</i>						
<i>Carried at FVTPL</i>						
Kotak Liquid Scheme Plan A Growth	-	-	-	3,316	-	125.10
UTI Money Market Fund-Growth (MF)	-	-	-	4,942	-	150.72
ICICI Prudential Liquid Fund- IP - Growth	-	-	-	36,346	-	100.10
Birla Sun Life Cash-Manager-IP-Growth	-	-	-	41,850	-	125.14
	-	3,058.31	-	-	12.27	501.06

Other disclosures

Aggregate amount of unquoted investments	3,058.31	-	12.27	-
Aggregate amount of quoted investments	-	-	-	501.06
Aggregate Market value of quoted investments	-	-	-	501.06

Refer Note 26 and 28 for disclosures related to liquidity risk and related financial instrument disclosures.

6. Loans

	31 March 2020		31 March 2019		
	Non-current	Current	Non-current	Current	
Security Deposits					
Unsecured, considered good		269.95	5.50	346.96	5.68
Doubtful		9.30	4.38	9.30	4.38
Less: Allowance for expected credit loss		(9.30)	(4.38)	(9.30)	(4.38)
		269.95	5.50	346.96	5.68
Loans to related parties					
Unsecured, considered good					
Inter corporate deposits		2,000	-	-	-
Employee Stock Option Scheme Trust		318.84	-	318.73	-
Other Loans					
Unsecured, considered good					
Corporate deposits with HDFC Ltd.		-	1,600.00	-	4,600.00
Loans to employees		10.92	8.09	12.43	9.28
		10.92	1,608.09	12.43	4,609.28
		2,599.71	1,613.59	678.12	4,614.96

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.

7. Other financial assets

	31 March 2020		31 March 2019	
	Non- Current	Current	Non- Current	Current
Financial assets at amortised cost:				
Bank Deposits with more than 12 months maturity	2.89	-	2.89	-
Unbilled revenue**	-	4,215.00	-	1,888.68
Other financial assets	-	155.17	-	285.09
	2.89	4,370.17	2.89	2,173.77

** Unbilled revenue 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.

8. Other assets (non financial)

	31 March 2020		31 March 2019	
	Non- Current	Current	Non- Current	Current
Capital advances	50.92	-	6.88	-
Balance with Government authorities*	101.13	613.49	99.27	328.13
Advances to Suppliers				
Considered good	-	971.49	-	320.74
Prepaid Expenses	-	151.05	-	44.50
Deferred Expenses	-	21.14	-	31.99
TOTAL	152.05	1,757.17	106.15	725.36

*Balance with Government authorities (other than income taxes) and Goods and Service Tax (GST) receivable, etc.

9. Trade receivables

	31 March 2020	31 March 2019
Unsecured, considered good	3,904.55	3,336.92
Doubtful	598.50	909.62
Less: Allowance for expected credit loss	(598.50)	(909.62)
	3,904.55	3,336.92
Dues from related parties	527.41	255.69

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.

10. Cash and bank balances

	31 March 2020	31 March 2019
Cash and cash equivalents		
Balances with banks		
- In current accounts	1,068.49	563.32
Cash on hand	0.97	0.45
	1,069.46	563.77
Other bank balances		
Balances with Banks:		
- Fixed deposits with original maturity greater than 3 months but less than 12 months	2,027.18	4,507.00
	2,027.18	4,507.00

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

as at 31 March 2020

Rs in lakhs

11. Equity share capital

	31 March 2020		31 March 2019	
	Number of shares	Amount	Number of shares	Amount
Authorised:				
Number of equity shares of face value Rs 10 each	9,00,00,000	9,000.00	9,00,00,000	9,000.00
Issued, subscribed and paid up:				
Number of equity Shares of face value Rs 10 each fully paid up	8,18,14,390	8,181.45	8,18,14,390	8,181.45
Less: Equity shares of Rs 10 each fully paid up issued to ESOP Trust constituted under the Employees' Stock Option Scheme (ESOS) but not yet allotted to employees	29,30,401	293.04	29,30,401	293.04
Total	7,88,83,989	7,888.41	7,88,83,989	7,888.41

Note:

The reduction of Rs 293.04 lakhs (29,30,401 Equity shares of Rs 10/- each), (As at 31 March 2019 – Rs. 293.04 lakhs (29,30,401 equity shares of Rs 10/- each)) and Rs 15.87 lakhs ((As at 31 March 2019 – 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 2020		31 March 2019	
	Number of shares	Amount	Number of shares	Amount
Issued, subscribed and paid up:				
Balance at the beginning of the year	7,88,83,989	7,888.41	7,88,83,989	7,888.41
Add: shares issued during the year	-	-	-	-
Less: shares issued to ESOP Trust but not allotted to employees	-	-	-	-
Adjusted Issued, Subscribed and Paid up share capital	7,88,83,989	7,888.41	7,88,83,989	7888.41

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.

(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 2020 and 31 March 2019	
Mahindra Holdings Limited, Holding Company	4,02,31,037
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 2020		31 March 2019	
	No. of shares	% held	No. of shares	% held
Mahindra Holdings Limited	4,02,31,037	49.17%	4,02,31,037	49.17%
PHI Management Solutions Pvt Ltd	1,61,84,054	19.78%	1,61,84,054	19.78%
Valiant Mauritius Partners FDI Limited	1,09,28,388	13.36%	1,09,28,388	13.36%
Manheim Export SARL	73,25,181	8.95%	73,25,181	8.95%

(iv) For the period preceding five years as on Balance Sheet date, issued, subscribed and paid up capital includes:

During the year ended 31 March 2018, the Company issued 4,941,170 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.

(vi) Aggregate of 6,28,441 equity shares of Rs 10 each to be issued to the shareholders of Fifth Gear Ventures Limited:

The Company entered into an agreement ("share purchase agreement") with the beneficiary shareholders of Fifth Gear Ventures Limited ("FGVL") dated 17 January 2020 for purchase of 100% equity holding in FGVL held by the beneficiary shareholders for a total consideration of Rs 3,045.00 lakhs. As a part of the agreement, the consideration was partly a cash consideration of Rs 1,643.57 lakhs and partly through issuance of shares of the Company at Rs 223 per share (face value Rs 10 each) aggregating Rs 1,401.42 lakhs. The shares are pending allotment as at 31 March 2020. Rs 1,401.42 lakhs is classified under "Other current liabilities" as at 31 March 2020. Outstanding cash consideration of Rs 100.05 lakhs is classified under "Other financial liabilities" as at 31 March 2020.

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

as at 31 March 2020

Rs in lakhs

12. Other equity

	31 March 2020	31 March 2019
Retained earnings	(18,711.14)	(18,010.08)
Securities premium	20,898.15	20,898.15
Share option outstanding account	65.82	57.19
Equity instruments at fair value through other comprehensive income	12.30	11.26
Remeasurements of the defined benefit plans	(123.80)	(105.66)
Total other equity	2,141.33	2,850.86

Retained earnings

Balance as at the beginning of the year	(18,010.08)	(16,550.60)
(Loss) for the year	(701.06)	(1,459.48)
Balance at the end of year	(18,711.14)	(18,010.08)

Securities premium

Balance as at the beginning and end of the year	20,898.15	20,898.15
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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	57.19	48.75
Add:- allotment of shares by ESOP Trust to employees	8.63	8.44
Balance at the end of year	65.82	57.19

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	11.26	10.65
Remeasurements of the equity instruments through other comprehensive income	1.04	0.61
Balance at the end of year	12.30	11.26

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	(105.66)	(129.39)
Remeasurements of the defined benefit plans	(18.14)	23.73
Balance at the end of year	(123.80)	(105.66)

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

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

as at 31 March 2020

Rs in lakhs

13. Other financial liabilities

	31 March 2020		31 March 2019	
	Non- Current	Current	Non- Current	Current
Other financial liabilities measured at amortised cost				
Security Deposits *	-	2,307.96	-	2,426.29
Monies adjusted from share capital and reserves and surplus on account of shares held by ESOS trust	308.91	-	308.91	-
Capital creditors	-	4.43	-	34.96
Other employee related liabilities	-	875.62	-	419.35
Others [Refer Note 11 (vi)]	-	100.04	-	-
Total other financial liabilities	308.91	3,288.05	308.91	2,880.60

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 2020		31 March 2019	
	Non- Current	Current	Non- Current	Current
Provision for employee benefits				
- Compensated absences	553.82	104.33	440.10	92.27
- Gratuity (Refer Note 27)	481.15	45.43	362.59	39.23
Total provisions	1,034.97	149.76	802.69	131.50

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

as at 31 March 2020

Rs in lakhs

15. Deferred tax liabilities (net)

(i) Movement of Deferred Tax

	31 March 2020		
	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	(25.25)	2.60	(22.65)

(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)

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

	31 March 2020	31 March 2019
Unabsorbed depreciation	2,250.54	2,003.82
Unabsorbed business losses	6,061.10	7,563.85
Total	8,311.64	9,567.67

The unrecognised tax losses carried forward expire as follows:

Expiry Year	31 March 2020	31 March 2019
Financial year 2018-2019	-	956.08
Financial year 2019-2020	746.62	746.62
Financial year 2022-2023	567.39	567.39
Financial year 2023-2024	984.14	1,037.41
Financial year 2024-2025	2,362.07	2,362.07
Financial year 2025-2026	772.83	1,894.28
Financial year 2026-2027	628.05	-
Total	6,061.10	7,563.85

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

	31 March 2020	31 March 2019
Loss before tax	(703.66)	(1,456.50)
Income tax expense calculated at 26%	(182.95)	(454.43)
Effect of expenses that is non-deductible in determining taxable profit	(163.22)	310.23
Effect of unused tax losses for which no deferred tax asset is recognised	346.17	144.20
	182.95	454.43
Income tax expense recognised in Statement of Profit and Loss	-	-

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

as at 31 March 2020

Rs in lakhs

16: Trade payables

	31 March 2020	31 March 2019
Total outstanding dues of micro enterprised and small enterprises (Refer note 30)	43.55	5.96
Total outstanding dues of creditors other than micro enterprised and small enterprises	6,166.29	3,639.18
Total Trade Payables	6,209.84	3,645.14

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

17. Other liabilities

	31 March 2020	31 March 2019
Contract liabilities	1,011.83	518.05
Government dues		
i) Provident fund	56.54	46.53
ii) Employees' state insurance and Profession tax	1.98	3.03
iii) Tax deducted at source	81.64	126.77
iv) Goods and Services Tax (GST)	256.44	357.95
v) Others	83.37	83.35
Equity shares pending allotment [Refer Note 11 (vi)]	1,401.42	-
Lease Liabilities	487.03	-
Total other liabilities	3,380.25	1,135.68

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2020

Rs in lakhs

18. Revenue from operations

	31 March 2020	31 March 2019
Revenue from contract with customers :-		
Sale of products	17,054.58	4,285.98
Sale of services	18,838.96	16,513.54
Other operating revenues	840.43	1,135.42
	36,733.97	21,934.94

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.

Sale of products comprises of:

- Sale of used vehicles and other products	17,054.58	4,285.98
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Sale of services comprises of:

- Franchisee fees	2,199.27	3,426.94
- Commission income	1,674.17	1,211.14
- Vehicle valuation fees	3,562.70	2,778.28
- Vehicle preinspection fees	1,842.49	1,739.05
- Yard management parking fees	7,845.86	5,994.57
- Indian blue book income	716.90	583.49
- Others services	997.57	780.07

Revenue from rendering of services

18,838.96 **16,513.54**

Other operating revenues comprises of:

- Warranty income	640.54	905.93
- Forfeiture of Earnest Money Deposits collected	199.89	229.49

Other operating revenues

840.43 **1,135.42**

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2020

Rs in lakhs

19. Other income

	31 March 2020	31 March 2019
Interest Income (On financial assets measured at amortised cost)		
- On corporate deposits	129.69	362.67
- On inter-corporate deposits	248.32	-
- Bank deposits	189.03	358.41
- Others	159.15	22.62
Dividend income		
- on investments carried at fair value through other comprehensive income	0.12	0.12
Operating lease rental income	9.17	15.76
Net gain recorded in profit or loss on Mutual Funds designated at Fair value through Profit and Loss account (FVTPL)	-	69.30
Net gain recorded in profit or loss on sale of Mutual Funds	70.46	-
Net gain arising on financials assets designated at FVTPL	-	1.06
Sundry balances written back (net)	41.37	37.39
Total other income	847.31	867.33

20. Changes in inventories of stock-in-trade

Opening Stock-in-trade	270.99	-
Closing Stock-in-trade	794.59	270.99
Changes in inventories of stock-in-trade	(523.60)	(270.99)

21. Employee benefits expense

Salaries and wages, including bonus (Refer Note 27)	5,971.08	5,166.85
Contribution to provident and other funds (Refer Note 27)	348.59	293.14
Share based payments to employees (see Note 21A)	8.63	8.44
Staff welfare expenses	198.84	203.66
Total Employee benefits expense	6,527.14	5,672.09

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.

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2020

Rs in lakhs

22. Finance cost

	31 March 2020	31 March 2019
Interest expense		
- On others	121.57	4.75
Total Finance cost	121.57	4.75

23. Other Expenses

Power and fuel	67.41	73.45
Repairs and maintenance - others	78.97	62.96
Rent - yards	5,514.85	3,743.04
Rent- others	119.72	478.58
Rates and taxes	15.47	5.08
Warranty related expenses	105.15	207.73
Vehicle valuation expenses	1,581.37	1,213.88
Preinspection expenses	1,587.01	1,533.19
Printing and stationary	37.61	43.19
Office expenses	58.32	51.89
Bad debts written off (net)	371.88	1,942.76
Information technology costs	428.30	407.32
Internet charges	67.41	56.89
Communication charges	119.97	90.99
Insurance charges	67.56	7.54
Allowance for Expected Credit Losses	575.57	770.66
Auditor's remuneration and out-of-pocket expenses (See Note below)	23.26	20.26
Director Sitting Fees	3.80	4.00
Professional fees	441.41	387.67
Advertisement, promotion and selling expenses	1,454.56	1,323.06
Travelling expenses	907.88	855.36
Loss on sale / discardment of Property, plant and equipment (net)	0.49	57.31
Commission expenses	760.13	563.47
Miscellaneous expenses	360.78	262.14
Total Other Expenses	14,748.88	14,162.42

Note:

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

Audit Fees	22.00	19.00
Other services	-	-
Reimbursement of expenses	1.26	1.26
	23.26	20.26

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2020

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 2020	31 March 2019
Loss for the year	(701.06)	(1,459.48)
Weighted average number of equity shares used in the calculation of basic and diluted earnings per share.	7,88,83,989	7,88,83,989
Basic and diluted earnings per share (Face value Rs. 10/- per share)	(0.89)	(1.85)

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	34.87
Demand raised by VAT Department where the Company is in appeal	164.47	798.66
Total	199.34	833.53

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 2020

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 2020	31 Mar 2019
Security Deposits from franchisees	930.63	1,321.98

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 2020		Total
		Less than 6 months past due	More than 6 months past due	
Gross carrying amount	-	3,263.45	1,239.60	4,503.05
Allowance for Expected Credit Losses	-	-	598.50	598.50

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

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 2020	31 March 2019
Balance as at beginning of the year	909.62	1,071.48
Impairment losses recognised in the year based on lifetime expected credit losses	575.57	770.66
Amounts written off during the year as uncollectible	(886.69)	(932.52)
Balance at end of the year	598.51	909.62

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
Non-derivative financial liabilities				
31 March 2020				
Non-interest bearing				
- Trade payable for goods and services	6,209.85	-	-	-
- Security Deposit	2,307.96	-	-	-
- Capital creditors	4.43	-	-	-
- Shares held by ESOS trust	-	-	308.91	-
- Other employee related liabilities	875.62	-	-	-
- Others	100.04	-	-	-
Total	9,497.90	-	308.91	-
31 March 2019				
Non-interest bearing				
- Trade payable for goods and services	3,645.14	-	-	-
- Security Deposit	2,426.29	-	-	-
- Capital creditors	34.96	-	-	-
- Shares held by ESOS trust	-	308.91	-	-
- Other employee related liabilities	419.35	-	-	-
Total	6,525.74	308.91	-	-

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2020

Rs in lakhs

27. Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating Rs. 348.59 lakhs (31 March 2019: Rs.293.14 lakhs) has been recognised in the Statement of Profit and Loss.

(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 2020	31 March 2019
Discount rate(s)	6.65%	7.50%
Expected rate(s) of salary increase	10.00%	10.00%

Defined benefit plan – as per actuarial valuation on 31 March 2020

	Unfunded Plan	
	Gratuity	
	31 March 2020	31 March 2019

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

I. Amounts recognised in profit or loss

Current Service Cost	100.55	98.63
Past service cost	-	-
Net interest expense	28.67	27.27
Total amount included in employee benefit expense	129.22	125.90

II. Amounts recognised in other comprehensive income

Remeasurement (gain)/losses:		
Actuarial (gain)/losses arising from changes in -		
- financial assumptions	36.78	9.85
- experience adjustments	(18.64)	(6.76)
- demographic adjustments	-	(26.82)
Total amount recognised in other comprehensive income	18.14	(23.73)

III. Changes in the obligation

Opening defined benefit obligation	401.82	362.46
Current service cost	100.55	98.63
Past service cost	-	-
Interest expense	28.67	27.27
Remeasurement gains / (losses) arising from changes in -		
i. Demographic Assumptions	-	(26.82)
ii. Financial Assumptions	36.78	9.85
iii. Experience Adjustments	(18.64)	(6.76)
Benefits paid	(22.60)	(62.81)
Closing defined benefit obligation	526.58	401.82
Current portion of the above	45.43	39.23
Non-Current portion of the above	481.15	362.59

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2020

Rs in lakhs

IV. Actuarial assumptions	31 March 2020	31 March 2019
1. Discount rate	6.65%	7.50%
2. Attrition rate		
Age in Years 21-44	18.00%	18.00%
Age in Years 45-59	1.00%	1.00%
3. Medical premium inflation	7.00%	7.00%

SENSITIVITY ANALYSIS

	31 March 2020		31 March 2019	
	Discount Rate	Salary Escalation Rate	Discount Rate	Salary Escalation Rate
Defined Benefit obligation plus 100bps	483.77	567.69	370.58	432.43
Defined Benefit obligation minus 100bps	576.34	488.79	437.97	374.05

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 2020	31 March 2019
Expected Benefits for Year 1	45.43	39.23
Expected Benefits for Year 2	47.28	36.97
Expected Benefits for Year 3	46.96	38.05
Expected Benefits for Year 4	52.89	41.38
Expected Benefits for Year 5	75.51	41.21
Expected Benefits for Year 6	67.19	62.25
Expected Benefits for Year 7	42.02	55.07
Expected Benefits for Year 8	26.11	32.03
Expected Benefits for Year 9	21.30	19.15
Expected Benefits for Year 10 and above	664.76	533.49

The weighted average duration of the defined benefit obligation as at 31 March 2020 is 8.75 years (31 March 2019: 8.35 years)

Experience Adjustments :

	2020	2019	Year Ended 2018	2017	2016
1. Defined Benefit Obligation	526.58	401.82	362.46	200.42	128.99
2. Fair value of plan assets	-	-	-	-	-
3. Surplus/(Deficit)	(526.58)	(401.82)	(362.46)	(200.42)	(128.99)
4. Experience adjustment on plan liabilities [(Gain)/Loss]	(18.64)	(6.76)	23.25	10.76	11.09
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 2020

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 2020	31 March 2019				
1) Investment in equity instruments at amortised cost (Unquoted)	3,045.00	-	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) Investment in equity instruments at FVTOCI (Unquoted)	13.31	12.27	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.
3) Mutual Fund Investments (Quoted)	-	501.06	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 2020

	Level 1	Level 2	Level 3	Total
Financial assets				
<u>Non- Current Financial Assets carried at Amortised Cost</u>				
- Non-current investments	-	-	3,058.31	3,058.31
<u>Current Financials Assets carried at Amortised Cost</u>				
- Current Investments	-	-	-	-
Total	-	-	3,058.31	3,058.31
Financial liabilities				
<u>Non-Current Financial liabilities not carried at Fair Value</u>				
- Deposits received from Dealers	-	-	-	-
- Shares held by ESOS trust	-	308.91	-	308.91
<u>Current Financial liabilities not carried at Fair Value</u>				
- Trade payable for goods & services	-	6,209.85	-	6,209.85
- Deposits received from Dealers	-	2,307.96	-	2,307.96
- Capital creditors	-	4.43	-	4.43
- Other employee related liabilities	-	875.62	-	875.62
- Others	-	100.04	-	100.04
Total	-	9,806.81	-	9,806.81

Fair Valued Hierarchy as at 31 March 2019

	Level 1	Level 2	Level 3	Total
Financial assets				
<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
Financial liabilities				
<u>Non-Current Financial liabilities not carried at Fair Value</u>				
- Deposits received from Dealers	-	-	-	-
- Shares held by ESOS trust	-	308.91	-	308.91
<u>Current Financial liabilities not carried at Fair Value</u>				
- Trade payable for goods & services	-	3,645.14	-	3,645.14
- Deposits received from Dealers	-	2,426.29	-	2,426.29
- Capital creditors	-	34.96	-	34.96
- Other employee related liabilities	-	419.35	-	419.35
Total	-	6,834.65	-	6,834.65

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2020

Rs in lakhs

29. 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 Limited	Fellow Subsidiary Company
Mahindra Summit Agriscience Limited	Fellow Subsidiary Company
Mahindra World City Developers Limited	Fellow Subsidiary Company
NBS International Limited	Fellow Subsidiary Company
Mahindra Rural Housing Finance Limited	Fellow Subsidiary Company
Mahindra Intertrade Limited	Fellow Subsidiary Company
Mahindra Two Wheelers Limited	Fellow Subsidiary Company
Mahindra Holiday & Resorts India Limited	Fellow Subsidiary Company
Mahindra Lifespace Developers Limited	Fellow Subsidiary Company
Mahindra Retail Limited	Fellow Subsidiary Company
Mahindra Vehicle Manufacturers Limited	Fellow Subsidiary Company
MFCWL Employees Stock Option Trust	ESOS Trust Company
Fifth Gear Ventures Limited (w.e.f. 17 Jan 2020)	Wholly Owned Subsidiary Company
Ashutosh Pandey (w.e.f. 2 July 2018)	Chief Executive Officer - Key Management Personnel
V. Janakiraman	Chief Financial Officer - Key Management Personnel

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

	31 March 2020	31 March 2019
Trade payables		
Ultimate holding company	249.33	119.87
Fellow subsidiary companies		
Mahindra Integrated Business Solutions Private Limited	4.81	4.76
Mahindra First Choice Services Limited	3.13	3.13
NBS International Limited	0.08	-
Mahindra Two Wheelers Limited	2.00	-
Mahindra Retail Limited	0.51	-
Trade Receivables		
Ultimate holding company	35.66	12.00
Fellow subsidiary companies		
Mahindra First Choice Services Limited	8.05	3.46
Mahindra & Mahindra Financial Services Limited	349.38	239.58
NBS International Limited	0.65	0.65
Mahindra Rural Housing Finance Limited	13.61	-
Wholly owned subsidiary Company	120.05	-
Inter Corporate Deposits (ICD)		
Fellow subsidiary companies		
Mahindra Rural Housing Finance Limited	2,000	-
Loan Given		
MFCWL Employees Stock Option Trust	318.73	318.73
Purchases		
Ultimate holding company	312.73	9.70
Fellow subsidiary companies		
Mahindra & Mahindra Financial Services Limited	5,724.77	8.94
Mahindra Agri Solutions Limited	1.35	-
Mahindra Summit Agriscience Limited	1.75	-
Mahindra Vehicle Manufacturers Limited	19.30	-
Expenditure		
Rent		
Ultimate holding company	10.52	11.26
Fellow subsidiary companies		
Mahindra Two Wheelers Limited	5.92	-
Mahindra First Choice Services Limited	-	21.48
Reimbursement of Cost		
Ultimate holding company	15.51	164.52
Fellow subsidiary companies		
Mahindra Retail Limited	41.60	-
Mahindra Holiday & Resorts India Limited	4.18	-
Mahindra Agri Solutions Limited	-	1.05

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2020

Rs in lakhs

	31 March 2020	31 March 2019
Refurbishment Expenses		
Fellow subsidiary companies	0.39	-
NBS International Limited		
Travelling Expenses		
Ultimate holding company	16.35	20.77
Professional Fees		
Ultimate holding company	205.21	17.47
Fellow subsidiary companies		
Mahindra Integrated Business Solutions Private Limited	51.20	45.57
Mahindra First Choice Services Limited	-	2.90
Interest Received on ICD		
Mahindra Rural Housing Finance Limited	248.32	-
Income from Services		
Ultimate holding company	30.16	22.65
Fellow Subsidiary Companies		
Mahindra First Choice Services Limited	5.01	4.39
Mahindra & Mahindra Financial Services Limited	1,292.18	1,188.58
NBS International Limited	7.01	6.96
Recovery From Group Companies		
Ultimate holding company	10.23	7.06
Fellow Subsidiary Companies		
Mahindra First Choice Services Limited	9.17	12.42
Mahindra Intertrade Limited	1.85	-
Wholly owned subsidiary company	7.27	-
Receivable from Group Companies		
Wholly owned subsidiary company	5.61	-
Payable to Group Companies		
Fellow Subsidiary Companies		
Mahindra & Mahindra Financial Services Limited	3.26	-
Key Management Personnel Remuneration		
Chief Executive Officer and Managing Director	209.48	211.88

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

	31 March 2020	31 March 2019
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	43.55	5.96
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	-	-
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.	-	-

31. 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 its 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.

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2020

32. Other matters:

In March 2020, World Health Organization declared Covid-19 as a pandemic. Escalation of Covid-19 has the potential to impact the global economic growth and business developments. The countrywide lockdown declared by Government of India covered a part of March 2020 and continued until May 2020. Whilst overall impact is still uncertain, the Company has carried out an assessment for any possible impact on performance of the Company due to the outbreak. Based on the current situation, the Company does not expect operations and performance for year ended 31 March 2021 to be significantly impacted. The Company will continue to monitor the situation as it evolves in coming months.

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: 14 May 2020

V.S. Parthasarathy

Director

DIN 00125299

V. Janakiraman

Chief Financial Officer

Membership number: 029222 PAN-AAQPI2356L

For and on behalf of the Board of Directors of

Mahindra First Choice Wheels Limited

Ashutosh Pandey

MD & CEO

DIN 08166731

Rajeev Dubey

Director

DIN 00104817

Anita Halbe

Company Secretary

A13962

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	Fifth Gear Ventures Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31 st March, 2020 (Same as Holding Company)
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR
4.	Share capital	9,21,850
5.	Reserves & surplus	(1,62,93,426)
6.	Total assets	5,77,26,011
7.	Total Liabilities	7,30,97,587
8.	Investments	NIL
9.	Turnover	8,10,32,271
10.	Profit before taxation	(1,37,85,054)
11.	Provision for taxation	1,49,57,289
12.	Profit after taxation	(2,87,42,343)
13.	Proposed Dividend	NIL
14.	% of shareholding	100%

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations- **Not Applicable**
- Names of subsidiaries which have been liquidated or sold during the year. **Not Applicable**

Part "B": Associates and Joint Ventures- Not Applicable

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

V.S. Parthasarathy	Ashutosh Pandey	Rajeev Dubey
Director	MD & CEO	Director
DIN 00125299	DIN 08166731	DIN 00104817

V. Janakiraman	Anita Halbe
Chief Financial Officer	Company Secretary

Membership number: 029222 PAN-AAQPJ2356L A13962

Date – 14th May,2020 Place- Mumbai