

# B S R & Co. LLP

Chartered Accountants

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## Independent Auditors' Report

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

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

##### Opinion

We have audited the financial statements of Mahindra First Choice Wheels Limited ("the Company"), which comprise the balance sheet as at 31 March 2021, 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 2021, 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.

Registered Office:

## **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
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.

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

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

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

- e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
  - 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 2021.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):
- In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Place: Mumbai  
Date: 17 May 2021

**Jayesh T Thakkar**  
*Partner*  
Membership No.113959  
UDIN: 21113959AAAACS7659

**Annexure A to the Independent Auditors' Report on the financial statements of Mahindra First Choice Wheels Limited for the year ended 31 March 2021**

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 financials statements for the year ended 31 March 2021, 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 all fixed assets were physically verified in the financial year ended 31 March 2021 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 185 and 186 of the Act in respect of making investments. Further, the Company has not given any guarantee or provided any security under Section 185 and 186 of the Act.
- v According to the information and explanations given to us, the Company has not accepted any deposit during the year and accordingly compliance with Section 73 and 76 of the Companies Act, 2013 is not applicable. According to the information and explanations given to us, there are no unclaimed deposits and accordingly the question of complying with Section 74 and 75 of the Companies Act, 2013 is not applicable.
- vi In respect of maintenance of Cost records under Section 148(1) of the Companies Act, 2013, having regard to the nature of the Company's business/activities, reporting under paragraph (vi) of the Order is not applicable.
- 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 statutory dues have been regularly deposited during the period by the Company with the appropriate authorities. Duty of Customs, Duty of Excise, Sales Tax, Service Tax, Value Added Tax and Cess are not applicable to the Company.

**Annexure A to the Independent Auditors' Report on the financial statements of Mahindra First Choice Wheels Limited for the year ended 31 March 2021 (Continued)**

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income tax, Goods and Services Tax and other 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	-	2008-09	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	31.08	-	2012-13	Assistant Commissioner of Income Tax
Income Tax Act, 1961	Income Tax	1.11	-	2018-19	Income tax officer
Value Added Tax, Maharashtra	Value Added Tax	347.79	47.47	2005-06 to 2010-11 and 2012-13	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)
Goods and Services Tax	Goods and Services Tax	0.33	-	2017-18	Deputy Commissioner
Goods and Services Tax	Goods and Services Tax	12.21	5.00	2018-19	State Tax Officer

- viii The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under paragraph (viii) of the Order is not applicable to the Company.
- ix The Company did not 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.

**Annexure A to the Independent Auditors' Report on the financial statements of Mahindra First Choice Wheels Limited for the year ended 31 March 2021 (Continued)**

- 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 Companies Act, 2013.
- 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.
- 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 Companies Act, 2013. 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 Registration No: 101248W/W-100022

**Jayesh T Thakkar**

*Partner*

Membership No.113959

UDIN: 21113959AAAACS7659

Place: Mumbai

Date: 17 May 2021

**Annexure B to the Independent Auditors' report on the financial statements of Mahindra First Choice Wheels Limited for the year ended 31 March 2021**

**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**

**(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**Qualified Opinion**

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls with reference to financial statements as at 31 March 2021:

The General Information Technology ('IT') Controls with respect to data and program changes and access to programs relating to yard management parking fee are determined to be ineffective during the year. Further, the Company's internal control system with respect to physical verification and reconciliation of vehicles with the accounting system, did not operate effectively during the year. This could potentially result in material misstatements in the Company's revenue from operations and unbilled revenues.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls with reference to financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls with reference to financial statements as of 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"), and except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company's internal financial controls with reference to financial statements were operating effectively as of 31 March 2021.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the 31 March 2021 financial statements of the Company, and these material weaknesses does not affect our opinion on the financial statements of the Company.

**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").

**Annexure B to the Independent Auditors' report on the financial statements of Mahindra First Choice Wheels Limited for the year ended 31 March 2021 (Continued).**

**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.

**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.

**Annexure B to the Independent Auditors' report on the financial statements of Mahindra First Choice Wheels Limited for the year ended 31 March 2021 (*Continued*).**

**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 Registration No: 101248W/W-100022

Place: Mumbai  
Date: 17 May 2021

**Jayesh T Thakkar**

*Partner*

Membership No.113959

UDIN: 21113959AAAACS7659

# MAHINDRA FIRST CHOICE WHEELS LIMITED

CIN: U64200MH1994PLC083996

## Balance Sheet

as at 31 March 2021

Rs in lakhs

	Note No.	31 March 2021	31 March 2020
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	1,512.42	2,117.94
Goodwill		113.00	113.00
Other intangible assets	4	53.50	80.37
Intangible assets under development		190.92	-
Financial assets			
(i) Investments	5	3,511.68	3,058.31
(ii) Loans	6	3,106.88	2,599.71
(iii) Other financial assets	7	152.83	2.89
Income tax assets		94.15	1,233.76
Other non-current assets	8	118.91	152.05
		<b>8,854.29</b>	<b>9,358.03</b>
<b>CURRENT ASSETS</b>			
Inventories		2,159.36	794.59
Financial assets			
(i) Trade receivables	9	6,783.20	3,904.55
(ii) Cash and cash equivalents	10	2,636.84	3,069.46
(iii) Bank balances other than (ii) above	10	127.00	27.18
(iv) Loans	6	16.06	1,613.59
(v) Other financial assets	7	2,081.70	4,370.17
Current tax assets		804.60	768.54
Other current assets	8	2,592.18	1,757.17
		<b>17,200.94</b>	<b>16,305.25</b>
		<b>26,055.23</b>	<b>25,663.28</b>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	11	7,950.99	7,888.41
Other equity	12	3,252.94	2,141.33
		<b>11,203.93</b>	<b>10,029.74</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities			
(i) Borrowings - Lease Liabilities		602.81	1,231.81
(ii) Other financial liabilities	13	308.91	308.91
Provisions	14	999.93	1,034.97
Deferred tax liabilities (Net)	15	22.36	22.65
		<b>1,934.01</b>	<b>2,598.34</b>
<b>CURRENT LIABILITIES</b>			
Financial liabilities			
(i) Trade payables			
- Total outstanding dues of micro enterprises and small enterprise	16	33.61	43.55
- Total outstanding dues of creditors other than micro enterprises and small enterprises	16	6,467.90	6,166.32
(ii) Other financial liabilities	13	3,068.18	3,288.05
Other current liabilities	17	3,190.33	3,387.52
Provisions	14	157.27	149.76
		<b>12,917.29</b>	<b>13,035.20</b>
		<b>26,055.23</b>	<b>25,663.28</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			

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

In terms of our report attached

For **BSR & Co. LLP**

Chartered Accountants

Firm Registration No. 101248W/W-100022

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

**Jayesh T Thakkar**  
Partner  
Membership number: 113959

**Ashutosh Pandey**  
Chief Executive Officer  
DIN 08166731

**V. Janakiraman**  
Chief Financial Officer  
Membership number: 029222

**Rajeev Dubey**  
Director  
DIN 00104817

Place : Mumbai  
Date: 17 May 2021

**Anita Halbe**  
Company Secretary  
A13962

# MAHINDRA FIRST CHOICE WHEELS LIMITED

CIN: U64200MH1994PLC083996

## Statement of Profit and Loss

for the year ended 31 March 2021

Rs in lakhs

	Note No.	31 March 2021	31 March 2020
<b>INCOME</b>			
Revenue from operations	18	41,278.28	36,733.97
Other income	19	617.66	847.31
<b>Total Income</b>		<b>41,895.94</b>	<b>37,581.28</b>
<b>EXPENSES</b>			
Purchases of stock-in-trade		26,409.62	16,775.39
Changes in inventories of stock-in-trade	20	(1,364.77)	(523.60)
Employee benefits expense	21	6,563.01	6,527.14
Finance costs	22	100.32	121.57
Depreciation and amortisation expense	3 & 4	715.51	635.57
Other expenses	23	9,802.30	14,748.87
<b>Total Expenses</b>		<b>42,225.99</b>	<b>38,284.94</b>
<b>(Loss) before tax</b>		<b>(330.05)</b>	<b>(703.66)</b>
<b>Tax Expense</b>			
Current tax		-	-
Deferred tax	15	(0.29)	(2.60)
<b>(Loss) for the year</b>		<b>(329.76)</b>	<b>(701.06)</b>
<b>Other comprehensive (loss) / income</b>			
Items that will not be reclassified to profit or loss and its related income			
(i) Remeasurements of the defined benefit plans		113.02	(18.14)
(ii) Equity instruments through other comprehensive income		0.65	1.04
<b>Total other comprehensive (loss) / income</b>		<b>113.67</b>	<b>(17.10)</b>
<b>Total comprehensive (loss) for the year</b>		<b>(216.09)</b>	<b>(718.16)</b>
<b>Earnings per equity share:</b>			
(Face value Rs. 10/- per share) (Rupees)			
Basic and Diluted	24	(0.42)	(0.89)

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

Ashutosh Pandey

Chief Executive Officer

DIN 08166731

V. Janakiraman

Chief Financial Officer

Membership number: 029222

Rajeev Dubey

Director

DIN- 00104817

Place : Mumbai

Date: 17 May 2021

Anita Halbe

Company Secretary

A13962

# MAHINDRA FIRST CHOICE WHEELS LIMITED

CIN: U64200MH1994PLC083996

## Statement of Changes in Equity

as at 31 March 2021

A. Equity share capital	<i>Rs in lakhs</i>	
	31 March 2021	31 March 2020
<b>Issued, subscribed and paid up</b>		
Balance as at the beginning of the year	7,888.41	7,888.41
Add: Equity shares issued during the year	62.58	-
Add: Allotment of shares by ESOP Trust to employees	-	-
Balance as at the end of the year	<u>7,950.99</u>	<u>7,888.41</u>

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	
<b>Balance at 31 March 2019</b>	<b>(18,010.08)</b>	<b>20,898.15</b>	<b>57.19</b>	<b>11.26</b>	<b>(105.66)</b>	<b>2,850.86</b>
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
<b>Total Comprehensive income for the year</b>	<b>(18,711.14)</b>	<b>20,898.15</b>	<b>57.19</b>	<b>12.30</b>	<b>(123.80)</b>	<b>2,132.70</b>
Share based payment to employees	-	-	8.63	-	-	8.63
<b>Balance at 31 March 2020</b>	<b>(18,711.14)</b>	<b>20,898.15</b>	<b>65.82</b>	<b>12.30</b>	<b>(123.80)</b>	<b>2,141.33</b>
Loss for the year	(329.76)					(329.76)
Remeasurements of the defined benefit plans	-	-	-	-	113.02	113.02
Equity instruments through other comprehensive income	-	-	-	0.65	-	0.65
Equity shares issued during the year	-	1,316.94				1,316.94
<b>Total Comprehensive income for the year</b>	<b>(19,040.90)</b>	<b>22,215.09</b>	<b>65.82</b>	<b>12.95</b>	<b>(10.78)</b>	<b>3,242.18</b>
Share based payment to employees	-	-	10.76	-	-	10.76
<b>Balance at 31 March 2021</b>	<b>(19,040.90)</b>	<b>22,215.09</b>	<b>76.58</b>	<b>12.95</b>	<b>(10.78)</b>	<b>3,252.94</b>

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

In terms of our report attached

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

Chartered Accountants

Firm Registration No. 101248W/W-100022

For and on behalf of the Board of Directors of

**Mahindra First Choice Wheels Limited**

**Jayesh T Thakkar**

Partner

Membership number: 113959

**Ashutosh Pandey**

Chief Executive Officer

DIN 08166731

**V. Janakiraman**

Chief Financial Officer

Membership number: 029222

**Rajeev Dubey**

Director

DIN- 00104817

Place : Mumbai

Date: 17 May 2021

**Anita Halbe**

Company Secretary

A13962

# MAHINDRA FIRST CHOICE WHEELS LIMITED

CIN: U64200MH1994PLC083996

## Cash Flow Statement

for the year ended 31 March 2021

Rs in lakhs

	31 March 2021	31 March 2020
<b>Cash flows from operating activities</b>		
(Loss) before tax	<b>(330.05)</b>	<b>(703.66)</b>
<u>Adjustments for:</u>		
Finance costs	100.32	121.57
Interest income	(418.64)	(726.19)
Dividend income	-	(0.12)
Loss on property, plant and equipment sold/scrapped/written off (net)	(0.91)	0.49
Net gain recorded in profit or loss on sale of Mutual Funds	-	(70.46)
Bad debts written off	-	371.88
Sundry balances written back	(153.78)	(41.37)
Allowance for expected credit losses	116.26	575.57
Depreciation and amortisation expense	715.51	635.57
Share based payment expenses	10.75	8.63
<b>Operating profit before working capital changes</b>	<b>39.45</b>	<b>171.91</b>
Movements in working capital:		
(Increase) in trade receivables	(2,878.64)	(1,473.71)
(Increase) in inventories	(1,364.77)	(523.60)
(Increase) in other assets	1,311.29	(3,280.10)
Increase in trade payables	291.66	2,564.69
Increase in borrowings - lease liabilities	629.00	
Increase in provisions	85.49	232.40
Increase in other current liabilities	(618.40)	2,202.76
	<b>(2,544.37)</b>	<b>(277.56)</b>
Cash (used in) operations	<b>(2,504.92)</b>	<b>(105.65)</b>
Income taxes paid (net of refunds)	1,103.55	(539.22)
<b>Net cash (used in) operating activities</b>	<b>(1,401.37)</b>	<b>(644.87)</b>
<b>Cash flows from investing activities</b>		
Inter corporate deposits given	(1,000.00)	(5,000.00)
Inter corporate deposits matured	500.00	3,000.00
Payments to acquire current investments	-	(3,630.00)
Proceeds on sale of current investments	-	4,202.18
Bank deposits placed	(4,501.00)	(4,100.00)
Bank deposits matured	4,800.00	11,580.00
Payments to acquire non-current investments – subsidiaries	(452.70)	(3,045.00)
Interest received	545.89	856.11
Dividends received	-	0.12
Payments to acquire property, plant and equipment and other intangible assets	1,785.87	(163.12)
Proceeds from sale of property, plant and equipment	(36.75)	7.35
<b>Net cash from / (used in) investing activities</b>	<b>1,641.31</b>	<b>3,707.64</b>
<b>Cash flows from financing activities</b>		
Interest paid	(100.32)	(121.57)
Payment for principal portion of lease liability	(572.26)	(435.50)
<b>Net cash (used in) financing activities</b>	<b>(672.58)</b>	<b>(557.07)</b>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	<b>(432.63)</b>	<b>2,505.69</b>
Cash and cash equivalents at the beginning of the year	3,069.46	563.77
<b>Cash and cash equivalents at the end of the year</b>	<b>2,636.84</b>	<b>3,069.46</b>
<b>Net Increase/(Decrease) as disclosed above</b>	<b>(432.63)</b>	<b>2,505.70</b>

### Note:

The above Cash Flow Statement has been prepared under the "indirect method" as set out in 'Indian Accounting Standard (Ind AS) 7 – Statement of Cash Flows'.

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

In terms of our report attached.

For B S R & Co. LLP

Chartered Accountants

Firm Registration No. 101248W/W-100022

**Jayesh T Thakkar**

Partner

Membership number: 113959

**Ashutosh Pandey**

Chief Executive Officer

DIN 08166731

For and on behalf of the Board of Directors of

**Mahindra First Choice Wheels Limited**

**V. Janakiraman**

Chief Financial Officer

Membership number: 029222

**Rajeev Dubey**

Director

DIN- 00104817

Place : Mumbai

Date: 17 May 2021

**Anita Halbe**

Company Secretary

A13962

# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes to the financial statements for the year ended 31 March 2021

### 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 2021. 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 2021 (*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 2021 (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 2021 (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 2021 (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 2021 (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 2021 (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) Intangible assets under development:

The Company capitalise costs incurred during IT Development phase, such expenses are initially recognised as intangible assets under development until the development phase is complete, upon which the amount is capitalised as intangible asset.

The expenditure incurred is amortised over the estimated period of benefit. The amortisation period for intangible assets with finite useful lives are reviewed annually and changes in expected useful lives are treated as changes in estimates.

#### c) 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.

#### d) 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.

# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes to the financial statements for the year ended 31 March 2021 (Continued)

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.

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:

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116 and this may require significant judgment. The Company also uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend or terminate the lease if the Company is reasonably certain based on relevant facts and circumstances that the option to extend or terminate will be exercised. If there is a change in facts and circumstances, the expected lease term is revised accordingly.

The discount rate is generally based on the interest rate specific to the lease being evaluated or if that cannot be easily determined the incremental borrowing rate for similar term is used.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### **The Company as a lessee**

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 restoration cost, less any lease incentives received.

The right-of-use assets are subsequently depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. In addition, the right-of-use asset is reduced by impairment losses, if any.

# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes to the financial statements for the year ended 31 March 2021 (Continued)

The lease liability is initially measured at amortised cost at the present value of the future lease payments. When a lease liability is remeasured, the corresponding adjustment of the lease liability is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

### 2.16 Inventories:

Inventories beyond 90 days from the date of valuation or purchase except for stock held as part of Pilot Projects and Finance funding cases, as the case may be, 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.

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

# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes to the financial statements for the year ended 31 March 2021 *(Continued)*

- 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.

### **c) Financial liabilities**

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

# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes to the financial statements for the year ended 31 March 2021 (Continued)

### **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 2021 (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.

### **Recent Accounting Pronouncements:**

Ministry of Corporate Affairs (MCA) notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements

as at 31 March 2021

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
<b>Gross Block</b>								
<b>Balance as at 31 March 2019</b>	<b>53.92</b>	<b>167.55</b>	<b>7.30</b>	<b>154.17</b>	<b>544.99</b>	<b>109.49</b>	<b>-</b>	<b>1,037.42</b>
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
<b>Balance as at 31 March 2020</b>	<b>56.17</b>	<b>203.58</b>	<b>7.30</b>	<b>154.17</b>	<b>654.17</b>	<b>148.29</b>	<b>2,032.77</b>	<b>3,256.45</b>
Additions during the year	-	4.29	3.49	-	167.53	12.07	-	187.38
Deductions / adjustments during the year	-	-	-	-	-	19.31	103.30	122.61
<b>Balance as at 31 March 2021</b>	<b>56.17</b>	<b>207.87</b>	<b>10.79</b>	<b>154.17</b>	<b>821.70</b>	<b>141.05</b>	<b>1,929.47</b>	<b>3,321.22</b>
<b>Accumulated depreciation</b>								
<b>Balance as at 31 March 2019</b>	<b>3.27</b>	<b>95.97</b>	<b>3.33</b>	<b>33.78</b>	<b>358.07</b>	<b>69.14</b>	<b>-</b>	<b>563.56</b>
Depreciation expense for the year	10.39	22.16	0.60	29.45	94.10	21.26	409.40	587.36
Deductions / adjustments during the year	-	-	-	-	-	12.41	-	12.41
<b>Balance as at 31 March 2020</b>	<b>13.66</b>	<b>118.13</b>	<b>3.93</b>	<b>63.23</b>	<b>452.17</b>	<b>77.99</b>	<b>409.40</b>	<b>1,138.51</b>
Depreciation expense for the year	10.91	23.37	4.71	34.85	94.18	25.96	494.66	688.64
Deductions / adjustments during the year	-	-	-	-	-	18.35	-	18.35
<b>Balance as at 31 March 2021</b>	<b>24.57</b>	<b>141.50</b>	<b>8.64</b>	<b>98.08</b>	<b>546.35</b>	<b>85.60</b>	<b>904.06</b>	<b>1,808.80</b>
<b>Net block</b>								
<b>Net carrying amount as at 31 March 2020</b>	<b>42.51</b>	<b>85.45</b>	<b>3.36</b>	<b>90.94</b>	<b>202.01</b>	<b>70.29</b>	<b>1,623.37</b>	<b>2,117.94</b>
<b>Net carrying amount as at 31 March 2021</b>	<b>31.60</b>	<b>66.37</b>	<b>2.14</b>	<b>56.09</b>	<b>275.36</b>	<b>55.44</b>	<b>1,025.41</b>	<b>1,512.42</b>

# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements

as at 31 March 2021

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
<b>Gross Block</b>							
<b>Balance as at 31 March 2019</b>	<b>271.31</b>	<b>450.72</b>	<b>4.00</b>	<b>145.00</b>	<b>25.00</b>	<b>33.50</b>	<b>929.53</b>
Additions during the year	6.94	-	-	-	-	-	6.94
Deductions / adjustments during the year	138.32	-	-	-	-	-	138.32
<b>Balance as at 31 March 2020</b>	<b>139.93</b>	<b>450.72</b>	<b>4.00</b>	<b>145.00</b>	<b>25.00</b>	<b>33.50</b>	<b>798.15</b>
Additions during the year	-	-	-	-	-	-	-
Deductions / adjustments during the year	-	-	-	-	-	-	-
<b>Balance as at 31 March 2021</b>	<b>139.93</b>	<b>450.72</b>	<b>4.00</b>	<b>145.00</b>	<b>25.00</b>	<b>33.50</b>	<b>798.15</b>
<b>Accumulated Amortisation Expenses</b>							
<b>Balance as at 31 March 2019</b>	<b>238.35</b>	<b>433.34</b>	<b>3.75</b>	<b>71.78</b>	<b>24.99</b>	<b>31.46</b>	<b>803.67</b>
Amortisation expense during the year	14.33	12.03	0.12	20.72	-	0.91	48.11
Deductions / adjustments during the year	134.00	-	-	-	-	-	134.00
<b>Balance as at 31 March 2020</b>	<b>118.68</b>	<b>445.37</b>	<b>3.87</b>	<b>92.50</b>	<b>24.99</b>	<b>32.37</b>	<b>717.78</b>
Amortisation expense during the year	5.49	0.67	0.12	19.47	-	1.12	26.87
Deductions / adjustments during the year	-	-	-	-	-	-	-
<b>Balance as at 31 March 2021</b>	<b>124.17</b>	<b>446.04</b>	<b>3.99</b>	<b>111.97</b>	<b>24.99</b>	<b>33.49</b>	<b>744.65</b>
<b>Net block</b>							
<b>Net carrying amount as at 31 March 2020</b>	<b>21.25</b>	<b>5.35</b>	<b>0.13</b>	<b>52.50</b>	<b>0.01</b>	<b>1.13</b>	<b>80.37</b>
<b>Net carrying amount as at 31 March 2021</b>	<b>15.76</b>	<b>4.68</b>	<b>0.01</b>	<b>33.03</b>	<b>0.01</b>	<b>0.01</b>	<b>53.50</b>

# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements

as at 31 March 2021

Rs in lakhs

### 5. Investments

	31 March 2021			31 March 2020		
	Number of shares	Non-current	Current	Number of shares	Non-current	Current
<b>A. Fair value through Other Comprehensive Income</b>						
<b>Unquoted (fully paid-up)</b>						
Equity shares in The Zoroastrian Co-operative Bank Ltd. (Face value - Rs 25 per share)	4,000	13.97	-	4,000	13.31	-
<b>B. Investment in Equity Instruments</b>						
<b>Unquoted - At Cost</b>						
<b>In Subsidiary</b>						
Fifth Gear Ventures Limited (Face value Rs 10 per share)	1,07,322	3,497.71	-	92,185	3,045.00	-
	<b>1,11,322</b>	<b>3,511.68</b>	<b>-</b>	<b>96,185</b>	<b>3,058.31</b>	<b>-</b>

### Other disclosures

Aggregate amount of unquoted investments		3,511.68	-		3,058.31	-
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Refer Note 26 and 28 for disclosures related to liquidity risk and related financial instrument disclosures.

### 6. Loans

	31 March 2021		31 March 2020		
	Non-current	Current	Non-current	Current	
<b>Security Deposits</b>					
Unsecured, considered good		284.34	5.50	269.95	5.50
Doubtful		9.30	4.38	9.30	4.38
Less: Allowance for expected credit loss		(9.30)	(4.38)	(9.30)	(4.38)
		<b>284.34</b>	<b>5.50</b>	<b>269.95</b>	<b>5.50</b>
<b>Loans to related parties</b>					
Unsecured, considered good					
Inter corporate deposits		2,500.00	-	2,000.00	-
Employee Stock Option Scheme Trust		318.96	-	318.84	-
<b>Other Loans</b>					
Unsecured, considered good					
Corporate deposits with HDFC Ltd.		-	-	-	1,600.00
Loans to employees		3.58	10.56	10.92	8.09
		<b>3.58</b>	<b>10.56</b>	<b>10.92</b>	<b>1,608.09</b>
		<b>3,106.88</b>	<b>16.06</b>	<b>2,599.71</b>	<b>1,613.59</b>

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

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

### 7. Other financial assets

	31 March 2021		31 March 2020	
	Non- Current	Current	Non- Current	Current
Financial assets at amortised cost:				
Bank Deposits with more than 12 months maturity	152.83	-	2.89	-
Unbilled revenue**	-	2,053.78	-	4,215.00
Other financial assets	-	27.92	-	155.17
	<b>152.83</b>	<b>2,081.70</b>	<b>2.89</b>	<b>4,370.17</b>

\*\* 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 Non Financial Assets**

	31 March 2021		31 March 2020	
	Non- Current	Current	Non- Current	Current
Capital advances	12.38	-	50.92	-
Balance with Government authorities*	106.53	595.35	101.13	613.49
Advances to Suppliers				
Considered good	-	1,798.23	-	971.49
Prepaid Expenses	-	181.38	-	151.05
Deferred Expenses	-	17.22	-	21.14
<b>TOTAL</b>	<b>118.91</b>	<b>2,592.18</b>	<b>152.05</b>	<b>1,757.17</b>

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

**9. Trade receivables**

	31 March 2021	31 March 2020
Unsecured, considered good	6,783.20	3,904.55
Doubtful	501.10	598.50
Less: Allowance for expected credit loss	(501.10)	(598.50)
	<b>6,783.20</b>	<b>3,904.55</b>
Dues from related parties	1,049.73	527.41

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. For terms and conditions relating to related party receivables, refer Note 30.

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 2021	31 March 2020
<b>Cash and cash equivalents</b>		
Balances with banks		
- In current accounts	1,584.56	1,068.49
- Fixed Deposit with original maturity less than 3 months	1,051.41	2,000.00
Cash on hand	0.87	0.97
	<b>2,636.84</b>	<b>3,069.46</b>
<b>Other bank balances</b>		
Balances with Banks:		
- Fixed deposits with original maturity greater than 3 months but less than 12 months	127.00	27.18
	<b>127.00</b>	<b>27.18</b>

# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements

as at 31 March 2021

Rs in lakhs

### 11. Equity share capital

	31 March 2021		31 March 2020	
	Number of shares	Amount	Number of shares	Amount
<b>Authorised:</b>				
Number of equity shares of face value Rs 10 each	9,00,00,000	9,000.00	9,00,00,000	9,000.00
<b>Issued, subscribed and paid up:</b>				
Number of equity Shares of face value Rs 10 each fully paid up	8,24,40,171	8,244.03	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
<b>Total</b>	<b>7,95,09,770</b>	<b>7,950.99</b>	<b>7,88,83,989</b>	<b>7,888.41</b>

#### Note:

The reduction of Rs 293.04 lakhs (29,30,401 Equity shares of Rs 10/- each), (As at 31 March 2020 – Rs. 293.04 lakhs (29,30,401 equity shares of Rs 10/- each)) and Rs 15.87 lakhs ((As at 31 March 2020 – 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 2021		31 March 2020	
	Number of shares	Amount	Number of shares	Amount
<b>Issued, subscribed and paid up:</b>				
Balance at the beginning of the year	7,88,83,989	7,888.41	7,88,83,989	7,888.41
Add: shares issued during the year	6,25,781	62.58	-	-
Less: shares issued to ESOP Trust but not allotted to employees	-	-	-	-
<b>Adjusted Issued, Subscribed and Paid up share capital</b>	<b>7,95,09,770</b>	<b>7,950.99</b>	<b>7,88,83,989</b>	<b>7,888.41</b>

#### Terms/ rights attached to equity shares:

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	Number of Shares Equity Shares with Voting rights
<b>As at 31 March 2021</b>	
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 2021		31 March 2020	
	No. of shares	% held	No. of shares	% held
Mahindra Holdings Limited	4,02,31,037	48.80%	4,02,31,037	49.17%
PHI Management Solutions Pvt Ltd	1,61,84,054	19.63%	1,61,84,054	19.78%
Valiant Mauritius Partners FDI Limited	1,09,28,388	13.26%	1,09,28,388	13.36%
Manheim Export SARL	73,25,181	8.89%	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 are allotted 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 were pending allotment till 31 March 2020, now during the current year all shares are allocated and balance payment is remitted fully.

# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements

as at 31 March 2021

Rs in lakhs

### 12. Other equity

	31 March 2021	31 March 2020
Retained earnings	(19,040.90)	(18,711.14)
Securities premium	22,215.09	20,898.15
Share option outstanding account	76.58	65.82
Equity instruments at fair value through other comprehensive income	12.95	12.30
Remeasurements of the defined benefit plans	(10.78)	(123.80)
<b>Total other equity</b>	<b>3,252.94</b>	<b>2,141.33</b>

### Retained earnings

Balance as at the beginning of the year	(18,711.14)	(18,010.08)
(Loss) for the year	(329.76)	(701.06)
<b>Balance at the end of year</b>	<b>(19,040.90)</b>	<b>(18,711.14)</b>

### Securities premium

#### Particulars

Balance as at the beginning of the year	20,898.15	20,898.15
Shares issue at premium	1,316.94	-
<b>Balance as at the end of the year</b>	<b>22,215.09</b>	<b>20,898.15</b>

During 2017-2018, the Company issued 49,41,470 shares of Rs 10 each, issued at a premium of Rs 192.37 per share. Also during current year, Company issued 6,18,281 shares of Rs 10 each, issued at a premium of Rs 213.00 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	65.82	57.19
Add:- allotment of shares by ESOP Trust to employees	10.76	8.63
<b>Balance at the end of year</b>	<b>76.58</b>	<b>65.82</b>

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

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

### Equity instruments through other comprehensive income

Balance as at the beginning of the year	12.30	11.26
Remeasurements of the equity instruments through other comprehensive income	0.65	1.04
<b>Balance at the end of year</b>	<b>12.95</b>	<b>12.30</b>

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

### Remeasurements of the defined benefit plans

Balance as at the beginning of the year	(123.80)	(105.66)
Remeasurements of the defined benefit plans	113.02	(18.14)
<b>Balance at the end of year</b>	<b>(10.78)</b>	<b>(123.80)</b>

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 2021

Rs in lakhs

### 13. Other financial liabilities

	31 March 2021		31 March 2020	
	Non- Current	Current	Non- Current	Current
<b>Other financial liabilities measured at amortised cost</b>				
Security Deposits *	-	2,384.55	-	2,307.96
Monies adjusted from share capital and reserves and surplus on account of shares held by ESOS trust	308.91	-	308.91	-
Capital creditors	-	151.99	-	4.43
Other employee related liabilities	-	531.64	-	875.62
Others [Refer Note 11 (vi)]	-	-	-	100.04
<b>Total other financial liabilities</b>	<b>308.91</b>	<b>3,068.18</b>	<b>308.91</b>	<b>3,288.05</b>

**Note:**

\* Deposits are re-payable on demand.

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

### 14. Provisions

	31 March 2021		31 March 2020	
	Non- Current	Current	Non- Current	Current
Provision for employee benefits				
- Compensated absences	521.52	106.10	553.82	104.33
- Gratuity (Refer Note 27)	478.41	51.17	481.15	45.43
<b>Total provisions</b>	<b>999.93</b>	<b>157.27</b>	<b>1,034.97</b>	<b>149.76</b>

# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements

as at 31 March 2021

Rs in lakhs

### 15. Deferred tax liabilities (net)

#### (i) Movement of Deferred Tax

	As at beginning of the year	31 March 2021		As at end of the year
		Acquired in Business Combination and recognised in Profit and Loss		
Tax effect of items constituting deferred tax liabilities on account of Business combination	(22.65)	0.29		(22.36)

#### (i) Movement of Deferred Tax

	As at beginning of the year	31 March 2020		As at end of the year
		Acquired in Business Combination and recognised in Profit and Loss		
Tax effect of items constituting deferred tax liabilities on account of Business combination	(25.25)	2.60		(22.65)

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 2021	31 March 2020
Unabsorbed depreciation	2,525.01	2,250.54
Unabsorbed business losses	5,751.20	6,061.10
<b>Total</b>	<b>8,276.21</b>	<b>8,311.64</b>

The unrecognised tax losses carried forward expire as follows:

Expiry Year	31 March 2021	31 March 2020
Financial year 2018-2019	-	-
Financial year 2019-2020	-	746.62
Financial year 2022-2023	567.39	567.39
Financial year 2023-2024	938.64	984.14
Financial year 2024-2025	2,191.97	2,362.07
Financial year 2025-2026	772.83	772.83
Financial year 2026-2027	533.74	628.05
Financial year 2027-2028	57.97	-
<b>Total</b>	<b>5,062.55</b>	<b>6,061.10</b>

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

	31 March 2021	31 March 2020
Loss before tax	(330.05)	(703.66)
Income tax expense calculated at 26%	(85.81)	(182.95)
Effect of expenses that is non-deductible in determining taxable profit	(207.28)	(163.22)
Effect of unused tax losses for which no deferred tax asset is recognised	293.09	346.17
	85.81	182.95
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 2021

Rs in lakhs

### 16: Trade payables

	31 March 2021	31 March 2020
Total outstanding dues of micro enterprised and small enterprises (Refer note 30)	33.61	43.55
Total outstanding dues of creditors other than micro enterprised and small enterprises	6,467.90	6,166.32
<b>Total Trade Payables</b>	<b>6,501.51</b>	<b>6,209.87</b>

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

### 17. Other Non Financial Liabilities

	31 March 2021	31 March 2020
Contract liabilities	1,832.74	1,011.83
<b>Government dues</b>		
i) Provident fund	64.05	56.54
ii) Employees' state insurance and Profession tax	2.34	1.98
iii) Tax deducted at source	168.30	88.91
iv) Goods and Services Tax (GST)	498.74	256.44
v) Others	83.37	83.37
Equity shares pending allotment [Refer Note 11 (vi)]	-	1,401.42
Lease Liabilities	540.79	487.03
<b>Total other liabilities</b>	<b>3,190.33</b>	<b>3,387.52</b>

# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements

for the period ended 31 March 2021

Rs in lakhs

### 18. Revenue from operations

	31 March 2021	31 March 2020
<b>Revenue from contract with customers :-</b>		
Sale of products	26,030.81	17,054.58
Sale of services	14,646.14	18,838.96
Other operating revenues	601.33	840.43
	<b>41,278.28</b>	<b>36,733.97</b>

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	26,030.81	17,054.58
Sale of services comprises of:		
- Franchisee fees	1,509.20	2,199.27
- Commission income	1,523.30	1,674.17
- Vehicle valuation fees	2,979.96	3,562.70
- Vehicle preinspection fees	1,668.43	1,842.49
- Yard management parking fees	5,109.12	7,845.86
- Indian blue book income	516.94	716.90
- Others services	1,339.19	997.57
<b>Revenue from rendering of services</b>	<b>14,646.14</b>	<b>18,838.96</b>
Other operating revenues comprises of:		
- Warranty income	426.28	640.54
- Forfeiture of Earnest Money Deposits collected	175.05	199.89
<b>Other operating revenues</b>	<b>601.33</b>	<b>840.43</b>

# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements

for the period ended 31 March 2021

Rs in lakhs

### 19. Other income

	31 March 2021	31 March 2020
Interest Income (On financial assets measured at amortised cost)		
- On corporate deposits	184.37	129.69
- On inter-corporate deposits	189.34	248.32
- Bank deposits	12.90	189.03
- Others	32.03	159.15
Dividend income		
- on investments carried at fair value through other comprehensive income	-	0.12
Operating lease rental income	45.24	9.17
Net gain recorded in profit or loss on sale of Mutual Funds	-	70.46
Sundry balances written back (net)	153.78	41.37
<b>Total other income</b>	<b>617.66</b>	<b>847.31</b>

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

Opening Stock-in-trade	794.59	270.99
Closing Stock-in-trade	2,159.36	794.59
<b>Changes in inventories of stock-in-trade</b>	<b>(1,364.77)</b>	<b>(523.60)</b>

### 21. Employee benefits expense

Salaries and wages, including bonus (Refer Note 27)	6,093.51	5,971.08
Contribution to provident and other funds (Refer Note 27)	347.31	348.59
Share based payments to employees (see Note 21A)	10.75	8.63
Staff welfare expenses	111.44	198.84
<b>Total Employee benefits expense</b>	<b>6,563.01</b>	<b>6,527.14</b>

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

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

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

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

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

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

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

# MAHINDRA FIRST CHOICE WHEELS

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

Rs in lakhs

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

Options series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date (Rs per option)
1	23,36,483	04-Oct-10	03-Oct-15	10	0.70
2	9,21,817	31-Aug-12	30-Aug-17	10	2.46
3	7,52,226	25-Apr-13	20-Apr-18	10	2.93
4	2,67,463	02-Sep-13	01-Sep-18	10	2.93
5	16,76,702	30-Jul-15	29-Jul-20	10	0.69
6	1,15,357	27-Jan-16	26-Jan-21	10	0.69
7	3,75,307	25-Oct-16	24-Oct-21	10	1.25
8	33,937	25-Jan-17	24-Jan-22	10	1.25
9	57,348	27-Jul-17	26-Jul-22	10	2.41
10	4,48,180	16-Oct-17	15-Oct-22	10	2.41
11	3,08,555	15-Oct-18	14-Oct-23	10	2.49
12	61,348	16-Jan-19	16-Jan-24	10	2.49
13	1,58,802	21-Oct-19	21-Oct-24	10	4.14
14	2,37,003	03-Feb-20	03-Feb-25	10	4.14
15	84,148	18-May-20	18-May-25	10	3.52
16	32,059	19-Oct-20	19-Oct-25	10	4.04
17	2,42,023	20-Jan-21	20-Jan-26	10	4.04
18	38,351	20-Jan-21	20-Jan-22	10	4.04
19	1,54,390	18-Feb-21	18-Feb-26	10	4.06

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

The weighted share value of share option granted during the financial year is Rs. 3.94 (during the year ended 31 March 2020: Rs. 4.14). Options were priced using the Black-Scholes-Merton pricing model. An average exercise period of 4 years has been assumed based on our estimate. In view of the losses, expected volatility is based on various considerations.

Inputs into the model	Option series																		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Grant date share price (Rs.)	5/-	8/-	9/-	9/-	5/-	5/-	6/-	6/-	8/-	8/-	7/-	7/-	8/-	8/-	8/-	8/-	8/-	8/-	8/-
Exercise price (Rs.)	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-
Expected volatility	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Option life (Years)	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Dividend yield	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Risk-free interest rate	54%-8.38%	8.16%-8.36%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	6.25%	6.25%	5.76%		5.96%-6.08%		

### 1.3 Movements in share options during the year

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

	31 March 2021		31 March 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of the year	37,64,006	Rs. 10	36,49,189	Rs. 10
Granted during the year	5,50,971	Rs. 10	3,13,192	Rs. 10
Forfeited during the year	1,81,541	-	-	-
Exercised during the year	5,000	-	-	-
Lapsed / expired during the year	38,351	Rs. 10	1,98,375	Rs. 10
<b>Balance at end of the year</b>	<b>40,90,085</b>	<b>Rs. 10</b>	<b>37,64,006</b>	<b>Rs. 10</b>

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

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

The share option outstanding at the end of the year had weighted average exercise price of Rs.10 (as at 31 March 2020: Rs. 10), and the weighted average remaining contractual life of 33 months (as at 31 March 2020: 33 months).

# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements

for the period ended 31 March 2021

Rs in lakhs

### 22. Finance cost

	31 March 2021	31 March 2020
Interest expense		
- On others	100.32	121.57
<b>Total Finance cost</b>	<b>100.32</b>	<b>121.57</b>

### 23. Other Expenses

Power and fuel	22.49	67.41
Repairs and maintenance - others	52.27	78.97
Rent - yards	3,408.92	5,514.85
Rent- others	18.88	119.72
Rates and taxes	1.76	15.47
Warranty related expenses	107.99	105.15
Vehicle valuation expenses	1,368.40	1,581.37
Preinspection expenses	1,370.75	1,587.01
Printing and stationary	22.38	37.61
Office expenses	36.51	58.32
Bad debts written off (net)	-	371.88
Information technology costs	521.74	428.30
Internet charges	30.93	67.41
Communication charges	165.11	119.97
Insurance charges	89.64	67.56
Allowance for Expected Credit Losses	116.26	575.57
Auditor's remuneration and out-of-pocket expenses (See Note below)	22.00	23.26
Director Sitting Fees	5.40	3.80
Professional fees	979.38	441.41
Advertisement, promotion and selling expenses	471.96	1,454.56
Travelling expenses	251.22	907.88
Loss on sale / discardment of Property, plant and equipment (net)	(0.91)	0.49
Commission expenses	296.99	760.13
Miscellaneous expenses	442.23	360.78
<b>Total Other Expenses</b>	<b>9,802.30</b>	<b>14,748.88</b>

#### Note:

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

Audit Fees	22.00	22.00
Reimbursement of expenses	-	1.26
	<b>22.00</b>	<b>23.26</b>

# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

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 follow

	31 March 2021	31 March 2020
Loss for the year	(329.76)	(701.06)
Weighted average number of equity shares used in the calculation of basic and diluted earnings per share.	7,91,44,939	7,88,83,989
Basic and diluted earnings per share (Face value Rs. 10/- per share)	(0.42)	(0.89)

### 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	35.98	34.87
Demand raised by VAT Department where the Company is in appeal	350.60	164.47
<b>Total</b>	<b>386.58</b>	<b>199.34</b>

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

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

# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

Rs in lakhs

### 26. Financials Instruments

#### Capital management

The company's capital management objectives are:

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

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

#### Categories of financial assets and financial liabilities

Particulars	31 March 2021			Total
	Amortised Cost	Fair value through Profit or loss	Fair Value through other comprehensive income	
<b>Non-current Assets</b>				
Investments	3,497.71	-	13.97	3,511.68
Security deposits and other loans	3,106.88	-	-	3,106.88
Bank deposits with more than 12 months maturity	152.83	-	-	152.83
<b>Current Assets</b>				
Trade receivables	6,783.20	-	-	6,783.20
Cash and Cash equivalents	2,636.84	-	-	2,636.84
Bank balances other than cash and cash equivalents	127.00	-	-	127.00
Security deposits and loans	16.06	-	-	16.06
Unbilled revenue	2,053.78	-	-	2,053.78
Other financial assets	27.92	-	-	27.92
<b>Non-current Liabilities</b>				
Other Financial Liabilities				
Borrowing - Lease Liability	602.81	-	-	602.81
Shares held by ESOS trust	308.91	-	-	308.91
<b>Current Liabilities</b>				
Trade payables	6,501.51	-	-	6,501.51
Other financial liabilities				
Deposits received from dealers	2,384.55	-	-	2,384.55
Capital creditors	151.99	-	-	151.99
Other employee related liabilities	531.64	-	-	531.64
Others	-	-	-	-
Particulars	31 March 2020			Total
	Amortised Cost	Fair value through Profit or loss	Fair Value through other comprehensive income	
<b>Non-current Assets</b>				
Investments	3,045.00	-	13.31	3,058.31
Security deposits and other loans	2,599.71	-	-	2,599.71
Bank deposits with more than 12 months maturity	2.89	-	-	2.89
<b>Current Assets</b>				
Trade receivables	3,904.55	-	-	3,904.55
Cash and Cash equivalents	3,069.46	-	-	3,069.46
Bank balances other than cash and cash equivalents	27.18	-	-	27.18
Security deposits and loans	1,613.59	-	-	1,613.59
Unbilled revenue	4,215.00	-	-	4,215.00
Other financial assets	155.17	-	-	155.17
<b>Non-current Liabilities</b>				
Other Financial Liabilities				
Borrowing - Lease Liability	1,231.81	-	-	1,231.81
Shares held by ESOS trust	308.91	-	-	308.91
<b>Current Liabilities</b>				
Trade payables	6,209.87	-	-	6,209.87
Other financial liabilities				
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

# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

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 2021	31 Mar 2020
Security Deposits from franchisees	415.88	930.63

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 2021		Total
		Less than 6 months past due	More than 6 months past due	
Gross carrying amount	-	4,900.43	2,383.87	7,284.30
Allowance for Expected Credit Losses	-	-	501.10	501.10

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

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 2021	31 March 2020
Balance as at beginning of the year	598.50	909.62
Impairment losses recognised in the year based on lifetime expected credit losses	116.26	575.57
Amounts written off during the year as uncollectible	(213.66)	(886.69)
Balance at end of the year	501.10	598.50

### LIQUIDITY RISK

(i) Liquidity risk management

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

(ii) Maturity profile of financial liabilities

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

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

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
<b>Non-derivative financial liabilities</b>				
<b>31 March 2021</b>				
Non-interest bearing				
- Trade payable for goods and services	6,501.52	-	-	-
- Security Deposit	2,384.55	-	-	-
- Capital creditors	151.99	-	-	-
- Shares held by ESOS trust	-	-	308.91	-
- Other employee related liabilities	531.64	-	-	-
- Others	-	-	-	-
<b>Total</b>	<b>9,569.70</b>	<b>-</b>	<b>308.91</b>	<b>-</b>
<b>31 March 2020</b>				
Non-interest bearing				
- Trade payable for goods and services	6,209.88	-	-	-
- 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	-	-	-
<b>Total</b>	<b>9,497.93</b>	<b>-</b>	<b>308.91</b>	<b>-</b>

# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

Rs in lakhs

### 27. Employee benefits

#### (a) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating Rs. 347.31 lakhs (31 March 2020: Rs.348.59 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 2021	31 March 2020
Discount rate(s)	6.35%	6.65%
Expected rate(s) of salary increase	8.00%	10.00%

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

	Unfunded Plan Gratuity	
	31 March 2021	31 March 2020
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
<b>I. Amounts recognised in profit or loss</b>		
Current Service Cost	121.46	100.55
Past service cost	-	-
Net interest expense	33.51	28.67
Total amount included in employee benefit expense	<b>154.97</b>	<b>129.22</b>
<b>II. Amounts recognised in other comprehensive income</b>		
Remeasurement (gain)/losses:		
Actuarial (gain)/losses arising from changes in -		
- financial assumptions	(69.00)	36.78
- experience adjustments	(44.02)	(18.64)
- demographic adjustments	-	-
Total amount recognised in other comprehensive income	<b>(113.02)</b>	<b>18.14</b>
<b>III. Changes in the obligation</b>		
Opening defined benefit obligation	526.58	401.82
Current service cost	121.46	100.55
Past service cost	-	-
Interest expense	33.51	28.67
Remeasurement gains / (losses) arising from changes in -		
i. Demographic Assumptions	-	-
ii. Financial Assumptions	(69.00)	36.78
iii. Experience Adjustments	(44.02)	(18.64)
Benefits paid	(38.94)	(22.60)
Closing defined benefit obligation	<b>529.59</b>	<b>526.58</b>
Current portion of the above	51.17	45.43
Non-Current portion of the above	478.41	481.15

# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

Rs in lakhs

IV. Actuarial assumptions	31 March 2021	31 March 2020
1. Discount rate	6.35%	6.65%
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 2021		31 March 2020	
	Discount Rate	Salary Escalation Rate	Discount Rate	Salary Escalation Rate
Defined Benefit obligation plus 100bps	489.10	569.88	483.77	567.69
Defined Benefit obligation minus 100bps	576.31	493.62	576.34	488.79

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 2021	31 March 2020
Expected Benefits for Year 1	51.17	45.43
Expected Benefits for Year 2	50.82	47.28
Expected Benefits for Year 3	56.96	46.96
Expected Benefits for Year 4	73.40	52.89
Expected Benefits for Year 5	69.74	75.51
Expected Benefits for Year 6	45.36	67.19
Expected Benefits for Year 7	28.76	42.02
Expected Benefits for Year 8	23.24	26.11
Expected Benefits for Year 9	20.34	21.30
Expected Benefits for Year 10 and above	585.37	664.76

The weighted average duration of the defined benefit obligation as at 31 March 2021 is 8.20 years (31 March 2020: 8.75 years)

Experience Adjustments :	2021	2020	Year Ended 2019 Gratuity	2018	2017
1. Defined Benefit Obligation	529.59	526.58	401.82	362.46	200.42
2. Fair value of plan assets	-	-	-	-	-
3. Surplus/(Deficit)	(529.59)	(526.58)	(401.82)	(362.46)	(200.42)
4. Experience adjustment on plan liabilities [(Gain)/Loss]	(44.02)	(18.64)	(6.76)	23.25	10.76
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 2021

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 2021	31 March 2020				
1) Investment in equity instruments at amortised cost (Unquoted)	3,497.71	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)	13.97	13.31	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)	-	-	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 2021

	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
<b><u>Non- Current Financial Assets carried at Amortised Cost</u></b>				
- Non-current investments	-	-	3,511.68	3,511.68
<b><u>Current Financials Assets carried at Amortised Cost</u></b>				
- Current Investments	-	-	-	-
Total	-	-	3,511.68	3,511.68
<b>Financial liabilities</b>				
<b><u>Non-Current Financial liabilities not carried at Fair Value</u></b>				
- Deposits received from Dealers	-	-	-	-
- Shares held by ESOS trust	-	308.91	-	308.91
<b><u>Current Financial liabilities not carried at Fair Value</u></b>				
- Trade payable for goods & services	-	6,501.52	-	6,501.52
- Deposits received from Dealers	-	2,384.55	-	2,384.55
- Capital creditors	-	151.99	-	151.99
- Other employee related liabilities	-	531.64	-	531.64
- Others	-	-	-	-
Total	-	9,878.61	-	9,878.61

#### Fair Valued Hierarchy as at 31 March 2020

	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
<b><u>Non- Current Financial Assets carried at Amortised Cost</u></b>				
- Non-current investments	-	-	3,058.31	3,058.31
<b><u>Current Financials Assets carried at Amortised Cost</u></b>				
- Current Investments	-	-	-	-
Total	-	-	3,058.31	3,058.31
<b>Financial liabilities</b>				
<b><u>Non-Current Financial liabilities not carried at Fair Value</u></b>				
- Deposits received from Dealers	-	-	-	-
- Shares held by ESOS trust	-	308.91	-	308.91
<b><u>Current Financial liabilities not carried at Fair Value</u></b>				
- Trade payable for goods & services	-	6,209.88	-	6,209.88
- 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	-	9,806.84	-	9,806.84

# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

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 Emarket Limited	Fellow Subsidiary Company
Mahindra Chemical & Engineering	Fellow Subsidiary Company
Meru Mobility Tech Private Ltd	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 2021	31 March 2020
<b>Trade payables</b>		
Ultimate holding company	759.51	249.33
Fellow subsidiary companies		
Mahindra Integrated Business Solutions Private Limited	26.57	4.81
Mahindra First Choice Services Limited	-	3.13
NBS International Limited	0.58	0.08
Mahindra Two Wheelers Limited	-	2.00
Mahindra Retail Limited	-	0.51
<b>Trade Receivables</b>		
Ultimate holding company	-	35.66
Fellow subsidiary companies		
Mahindra First Choice Services Limited	-	8.05
Mahindra & Mahindra Financial Services Limited	540.50	349.38
NBS International Limited	0.57	0.65
Mahindra Rural Housing Finance Limited	32.49	13.61
Wholly owned subsidiary Company	476.17	120.05
<b>Inter Corporate Deposits (ICD)</b>		
Fellow subsidiary companies		
Mahindra Rural Housing Finance Limited	2,500	2,000
<b>Loan Given</b>		
MFCWL Employees Stock Option Trust	318.96	318.73
<b>Investments</b>		
Wholly Owned Subsidiary Company		
Fifth Gear Ventures Limited	500.00	-
<b>Purchases</b>		
Ultimate holding company	131.91	312.73
Fellow subsidiary companies		
Mahindra & Mahindra Financial Services Limited	8,737.02	5,724.77
Mahindra Agri Solutions Limited	-	1.35
Mahindra Summit Agriscience Limited	-	1.75
Mahindra First Choice Services Ltd.	42.94	-
Mahindra Vehicle Manufacturers Limited	-	19.30
<b>Expenditure</b>		
<b>Rent</b>		
Ultimate holding company	13.05	10.52
Fellow subsidiary companies		
Mahindra Two Wheelers Limited	1.86	5.92
Mahindra First Choice Services Limited	1.13	-
Wholly Owned Subsidiary Company		
Fifth Gear Ventures Limited	43.64	-

## MAHINDRA FIRST CHOICE WHEELS LIMITED

### Notes forming part of the Financial Statements

for the year ended 31 March 2021

Rs in lakhs

	31 March 2021	31 March 2020
<b>Reimbursement of Cost</b>		
Ultimate holding company	-	15.51
Fellow subsidiary companies		
Mahindra Retail Limited	-	41.60
Mahindra Emarket Limited	62.93	-
Mahindra Chemical & Engineering	57.64	-
Meru Mobility Tech Private Ltd	2.91	-
Mahindra Holiday & Resorts India Limited	-	4.18
<b>Refurbishment Expenses</b>		
Fellow subsidiary companies		
NBS International Limited	-	0.39
<b>Travelling Expenses</b>		
Ultimate holding company	-	16.35
<b>Professional Fees</b>		
Ultimate holding company	587.17	205.21
Fellow subsidiary companies		
Mahindra Integrated Business Solutions Private Limited	64.40	51.20
Mahindra First Choice Services Limited	-	-
Wholly Owned Subsidiary Company		
Fifth Gear Ventures Limited	140.22	-
<b>Interest Received on ICD</b>		
Mahindra Rural Housing Finance Limited	189.34	248.32
<b>Purchase of Leads</b>		
Wholly Owned Subsidiary Company		
Fifth Gear Ventures Limited	32.90	-
<b>Income from Services</b>		
Ultimate holding company	40.19	30.16
Fellow Subsidiary Companies		
Mahindra First Choice Services Limited	-	5.01
Mahindra & Mahindra Financial Services Limited	903.68	1,292.18
NBS International Limited	4.64	7.01
<b>Recovery From Group Companies</b>		
Ultimate holding company	1.21	10.23
Fellow Subsidiary Companies		
Mahindra First Choice Services Limited	-	9.17
Mahindra Intertrade Limited	-	1.85
Wholly owned subsidiary company	411.14	7.27
<b>Receivable from Group Companies</b>		
Wholly owned subsidiary company	-	5.61
<b>Payable to Group Companies</b>		
Fellow Subsidiary Companies		
Mahindra & Mahindra Financial Services Limited	-	3.26
<b>Key Management Personnel Remuneration</b>		
Chief Executive Officer and Managing Director	342.28	287.24

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

	31 March 2021	31 March 2020
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	33.61	43.55
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.	-	-

# MAHINDRA FIRST CHOICE WHEELS LIMITED

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### 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.

### 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

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

**Jayesh T Thakkar**

*Partner*

Membership number: 113959

**Ashutosh Pandey**

*Chief Executive Officer*

*DIN 08166731*

**V. Janakiraman**

*Chief Financial Officer*

*Membership number: 029222*

**Rajeev Dubey**

*Director*

*DIN 00104817*

Place : Mumbai

Date: 17 May 2021

**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 or associate companies or joint ventures

#### Part A Subsidiaries

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

Sr. No	Particulars	Details
1	Name of Subsidiary	FIFTH GEAR VENTURES LTD
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	31 <sup>st</sup> March 2021 (Same as of 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	10,73,220
5	Reserves and surplus	(81,88,485)
6	Total assets	8,80,20,778
7	Total Liabilities	9,51,36,043
8	Investments	-
9	Turnover	11,93,90,697
10	Profit before taxation	(4,63,76,159)
11	Provision for taxation	(47,75,130)
12	Profit after taxation	(4,16,01,029)
13	Proposed Dividend	-
14	Extent of shareholding (in percentage)	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**

**Ashutosh Pandey  
Chief Executive Officer**

DIN:08166731

**V. Janakiraman  
Chief Financial Officer**

Membership No:029222

PAN-AAQPJ2356L

**Rajeev Dubey  
Director**

DIN:00104817

**Anita Halbe  
Company Secretary  
A13962**